

Council Chamber  
Few Memorial Hall of Records  
Monterey, California

City Council Agenda  
Regular Meeting

Monterey City Council  
Tuesday, June 16, 2015

4:00 - 5:30 p.m.  
7:00 - 11:00 p.m.

City Council

Clyde Roberson, Mayor  
Timothy Barrett, Councilmember  
Libby Downey, Councilmember  
Alan Haffa, Councilmember  
Ed Smith, Councilmember

City Manager

Michael McCarthy

**\*\*\* Afternoon Session Agenda\*\*\***  
**4:00 - 5:30 p.m.**

**CALL TO ORDER**

**CONSENT ITEMS**

CONSENT AGENDA consists of those items which are routine and for which a staff recommendation has been prepared. A member of the public or a Councilmember may request that an item be placed on the regular agenda for further discussion.

**Approval of Minutes**

1. May 27, 2015 (Information Resources - 701-09)
2. June 2, 2015 (Information Resources - 701-09)

**Award of Contracts**

Awarding of CONTRACTS for construction contracts.

3. Award Presidio of Monterey & Ord Military Community for Pest Control Treatment On-Call\*\*\*\*PMSA\*\*\*\* (Plans & Public Works - 903-02)
4. Authorize a Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis for Monterey's Military Installations with Public Private Solutions Group Team and Transfer Funds (Plans & Public Works - 405-04)

**Ordinances**

ORDINANCES are legislative acts by the Council, are the most permanent and binding type of Council action as they modify the City Code, and may be replaced only by a subsequent ordinance. An ordinance requires legal advertisement when introduced, and two readings at separate Council meetings. An ordinance is considered "passed to print" when approved for a second reading, and is "passed and adopted" when given final approval by the Council.

5. 1st Reading – Amending Monterey City Code Chapter 31.5 Storm Water Management Article 2 Urban Storm Water Quality Management and Discharge Control for Consistency with State Regulations (Plans & Public Works - 806-11)
6. 2nd Reading to Delete City Code Section 22-31 And Add City Code Sections 22-31 Through 22-31.16 Relating To Massage And Massage Establishments--Continued from June 2, 2015 (City Attorney - 701-11)
7. 2nd Reading – Amend Article 1 of Chapter 14 of the Monterey City Code related to Solid Waste and Recycling -- Continued from June 2, 2015 Meeting (Plans & Public Works - 802-07)

**Resolutions**

RESOLUTIONS are passed to express the policy of the Council on certain items or programs, or are passed to direct certain types of administrative action. A resolution may be changed by adoption of a subsequent resolution. Resolutions only require one reading and are approved when "passed and adopted."

8. Authorize the City Manager or Designee to Enter into a Contract to Purchase an Easement for Sewer Purposes over a Portion of the Land at 812 Belden Street and for the Mayor to Sign the Certificate Accepting the Easement (Plans & Public Works - 704-02)
9. Authorize the Examination of Sales or Transactions and Use Tax Records (Finance - 403-01)
10. Award a Contract for On Call Tree Maintenance Service (Plans & Public Works - 405-04)
11. Providing Comments on the Draft Environmental Impact Report for the Cal Am Monterey Peninsula Water Supply Project (Plans & Public Works - 204-09)
12. Approve a Partial Fee Waiver for the 71st Annual Portuguese Hall Parade (City Manager - 101-13)
13. Authorize Amendment to Employment Contract with Joanne Narloch for Interim Human Resources Director Services (Human Resources - 507-01)

**\*\*\*End of Consent Agenda\*\*\***

**PUBLIC COMMENTS**

PUBLIC COMMENTS allows you, the public, to speak for a maximum of three minutes on any subject which is within the jurisdiction of the Monterey City Council and which is not on the agenda. Any person or group desiring to bring an item to the attention of the City Council may do so by addressing the Council during Public Comments or by addressing a letter of explanation to: City Clerk, City Hall, Monterey, CA 93940. The appropriate staff person will contact the sender concerning the details. NOTE: Public Comments are taken during the afternoon session and continued at the evening session. Individuals may choose to speak once for up to three minutes at either session, but not both.

**\*\*\*Adjourn to Closed Session (See additional agenda)\*\*\***

**Any person or group desiring to make Public Comments on a Closed Session item may do so by addressing the Council before they adjourn to Closed Session, or by addressing a letter of explanation to: City Clerk, City Hall, Monterey, CA 93940.**

**Council will adjourn to closed session no later than 5:00 p.m.**

**RECESS 5:30 p.m.**

**RECONVENE**

**\*\*\*Evening Session Agenda\*\*\***

**7:00 - 11:00 p.m.\***

**\* No discussion of a new item will be started after 10:30 p.m.**

**PLEDGE OF ALLEGIANCE**

**ANNOUNCEMENTS FROM CLOSED SESSION**

**WATER UPDATE**

**CONTINUED PUBLIC COMMENTS**

PUBLIC COMMENTS allows you, the public, to speak for a maximum of three minutes on any subject which is within the jurisdiction of the Monterey City Council and which is not on the agenda. Any person or group desiring to bring an item to the attention of the City Council may do so by addressing the Council during Public Comments or by addressing a letter of explanation to: City Clerk, City Hall, Monterey, CA 93940. The appropriate staff person will contact the sender concerning the details. NOTE: Public Comments are taken during the afternoon session and continued at the evening session. Individuals may choose to speak once for up to three minutes at either session, but not both.

**COUNCIL COMMENTS**

Councilmembers may ask a question for clarification, make a brief announcement or make a brief report on his or her activities. In addition, Council may provide a referral to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any City matter, or direct staff to place a request to agendaize a matter of business on a future agenda (G.C. 54954.2).

**CITY MANAGER REPORTS**

The City Manager may make a brief report on his activities or a brief announcement. He may also ask for clarification or direction regarding scheduling of Council meetings and study sessions.

**PUBLIC HEARING**

PUBLIC HEARINGS are held to receive public comment on certain items pending Council action. You are welcome to offer your comments after being recognized by the Mayor. The Council may limit the time allocated to each speaker.

14. Continue to Levy Assessments on Lodging Businesses within the Monterey County Tourism Improvement District (MCTID) (Finance - 407-08)

**PUBLIC APPEARANCE**

PUBLIC APPEARANCE items are reports on non-routine issues that might stimulate public discussion, but that do not require formal noticing as public hearings. You are welcome to offer your comments after being recognized by the Mayor. The Council may limit the time each speaker is allocated.

15. Adopt the FY 2015/16 Neighborhood Improvement Program (Plans & Public Works - 406-03)
16. Adopt the FY 15-17 Recommended Operating Budget (Finance - 406-02)
17. Adopt Recommended Capital Improvement Program (CIP) Projects for Fiscal Years 2015/2016 and 2016/2017 \*\*\*CIP\*\*\* (Plans & Public Works - 406-03)

**Adjourn to Joint Powers Authority Meeting****JOINT POWERS AUTHORITY - PUBLIC APPEARANCE**

This is a separate legal body, established by an agreement between the City and the Joint Powers Financing Authority (JPA), comprised of the members of the City Council, with the Mayor serving as Chair. The JPA was established during FY 1994-95 for the purpose of issuing bonds to finance the construction of a materials recycling facility at Ryan Ranch. PUBLIC APPEARANCE items are reports on non-routine issues that might stimulate public discussion, but that do not require formal noticing as public hearings. You are welcome to offer your comments after being recognized by the JPA Chair. The JPA may limit the time each speaker is allocated.

18. Adopt the Joint Powers Financing Authority Budget for Fiscal Year 15-16 (Finance - 406-06)

## Adjourn to Ocean View Community Services District Meeting

### **OCEAN VIEW COMMUNITY SERVICES DISTRICT - PUBLIC APPEARANCE**

This is a separate legal body of the City that oversees the operations of the Ocean View Community Services District desalinization plant. PUBLIC APPEARANCE items are reports on non-routine issues that might stimulate public discussion, but that do not require formal noticing as public hearings. You are welcome to offer your comments after being recognized by the Chair. The District may limit the time each speaker is allocated.

19. Adopt FY 2015-16 Ocean View Community Services District Budget (Finance - 406-07)

## Adjourn to City Council Meeting

### **ADJOURNMENT**

Members of the public have the right to address the City Council on any item on the Agenda, before or during its consideration [G.C. §54954.3(a)]. The Mayor will formally open the floor for public comment on items such as "Public Appearance" and "Public Hearings." If you wish to speak to items in any other categories, for example "Consent Agenda," please advise the City Clerk or the Mayor prior to the Council's action on that item, and you will be recognized. Notification as much in advance as possible is appreciated.

The City Council meeting packet may be reviewed by the public in the Library or the City Clerk's Office. Any writings or documents pertaining to an open session item provided to a majority of the City Council less than 72 hours prior to the meeting, shall be made available for public inspection at the front counter at the City Clerk's Office, Room 6 at City Hall, Madison & Pacific Streets, Monterey, California 93940 during normal business hours.

Information distributed to the Council at the Council meeting becomes part of the public record. A copy of written material, pictures, etc. should be provided for this purpose.

City Council Meetings are cable cast live and videotaped for replay on Monterey's Government Access Channel 25 by Access Monterey Peninsula (AMP).

#### **CITY OF MONTEREY'S 24-HOUR SUGGESTION HOTLINES:**

Voicemail: (831) 646-3799

Fax: (831) 646-3793

Email: [suggest@monterey.org](mailto:suggest@monterey.org)

WebPage: <http://www.monterey.org>



The City of Monterey is committed to including the disabled in all of its services, programs and activities. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (831) 646-3935. Notification 30 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting [28 CFR 35.102-35.104 ADA Title II]. Later requests will be accommodated to the extent feasible. For communication-related assistance, dial 711 to use the California Relay Service (CRS) to speak to City offices. CRS offers free text-to-speech, speech-to-speech, and Spanish-language services 24 hours a day, 7 days a week. If you require a hearing amplification device to attend a meeting, dial 711 to use CRS to talk to the City Clerk's Office at (831) 646-3935 to coordinate use of a device.



**UPCOMING MEETINGS AT CITY HALL**

Jun 17	Architectural Review Committee Meeting, Council Chamber - 4:00 pm
Jun 18	Parks and Recreation Commission Meeting, Council Chamber - 7:00 PM
Jun 18	Zoning Administrator Meeting, Council Chamber - 4:00 pm
Jun 22	Colton Hall Museum Cultural Art Commission Meeting, Council Chamber - 4:00 pm
Jun 23	Planning Commission Meeting, Council Chamber - 4:00 pm
Jun 23	Disabled Access Appeals Board Meeting, Council Chamber - 9:00 AM
Jun 23	Bldg and Housing Appeals Board Meeting, Council Chamber - 11:00 AM
Jun 24	Oversight Board Meeting, Council Chamber - 7:00 PM
Jun 24	Council Special Meeting, Council Chamber - 4:00 PM
Jun 24	Library Board Meeting, Library Community Room - 5:00 PM
Jul 1	Architectural Review Committee Meeting, Council Chamber - 4:00 pm
Jul 2	Zoning Administrator Meeting, Council Chamber - 4:00 pm
Jul 7	Council Regular Meeting, Council Chamber - 4:00 PM
Jul 9	Historic Preservation Commission Meeting, Council Chamber - 4:00 pm
Jul 14	Planning Commission Meeting, Council Chamber - 4:00 pm
Jul 15	Architectural Review Committee Meeting, Council Chamber - 4:00 pm
Jul 16	Parks and Recreation Commission Meeting, Council Chamber - 7:00 PM
Jul 16	Zoning Administrator Meeting, Council Chamber - 4:00 pm
Jul 21	Council Regular Meeting, Council Chamber - 4:00 PM
Jul 22	Oversight Board Meeting, Council Chamber - 7:00 PM

**MORE INFORMATION IS AVAILABLE BY CALLING 646-3935**

[See Council Chamber seating chart online.](#)



**MINUTES**  
**CITY COUNCIL STUDY SESSION**  
**CITY OF MONTEREY**  
**Wednesday, May 27, 2015**  
**4:00 - 6:00 p.m.**  
**COUNCIL CHAMBER, FEW MEMORIAL HALL OF RECORDS**  
**MONTEREY, CALIFORNIA**

**Councilmembers**

**Present:** Councilmembers Barrett, Downey, Haffa, Roberson

**Absent:** Councilmember Smith

**City Staff**

**Present:** City Manager, City Attorney, Director of Information Resources/City Clerk, Assistant City Manager, Deputy City Manager, Plans and Public Works, Community Services Director, Finance Director, Fire Chief, Library Director, Acting Human Resources Director, Police Chief, Chief of Planning, Engineering, and Environmental

**CALL TO ORDER**

Mayor Roberson called the meeting to order at 4:01 p.m.

**PUBLIC COMMENTS**

**STUDY SESSION**

1. Review of the FY 15-17 Recommended Budget (Finance - 406-03)  
**Action: Received and discussed report; received public comments**

Mayor Roberson gave a brief overview of the budget process and recognized City Manager McCarthy. Mr. McCarthy introduced the two-year budget and outlined some the staff recommendations, and Finance Director Forbis presented the information regarding reserves, revenues, expenditures, and the proposed budget details.

Councilmember Haffa arrived at 4:27 p.m.

Councilmembers indicated that they wish to discuss the possible future funding of the Downtown ambassador program in contrast with hiring additional police officers. On question, Interim Chief Hober said that the previously approved Community Services Officer positions are currently being recruited.

Mayor Roberson asked to find out how much of the 1985 TOT increase for NIP and CIP went to the CIP.

Mayor Roberson opened public comments on the budget. Mr. Soverign distributed a brochure to the Council regarding the Museum and its smart phone historical tour of the City and asked Council to support the program. Marie Hennesy, Chair of the Monterey County Visitor's Bureau and Monterey business owner, asked Council to retain the six percent funding for MCCVB.

Nelson Vega asked Council to rethink not producing the past detailed annual budget document to keep the public informed. He supported the previous speaker regarding the MCCVB

contribution. He said that water is an important issue, and now is not the time to defund the Water Authority.

Tammy Blunt, Monterey County Convention and Visitors' Bureau President and CEO, reviewed the work that her organization does and is planning during the Conference Center renovation. She suggested that now is not the time to put a cap on the investment in marketing. Rick Aldinger, Monterey resident and property owner, agreed with the previous speakers' points regarding investment in hospitality. He asked Council to maintain the six percent formula.

Having no further requests to speak, Mayor Roberson closed public comment.

Councilmember Downey thanked the Finance Director for the report. She said she would like to review the Window-on-the-Bay cleanup costs. On question, Ms. Bui-Burton explained that the costs at Bayview Academy are fully reimbursed. She said she would like to expand the trolley. She said she is pleased that the Water Authority budget is only \$42,000.

Mayor Roberson said that Council wants to analyze the budget decision points.

Councilmember Haffa voiced concerns regarding the stormwater fee, and Mr. Rerig said that it is not contemplated to be raised at this time, but might be reviewed in the future. On question from Mr. Haffa, Deputy City Manager Pick said that the Wharf tenants already pay into the sprinkler fund. Mr. Forbis detailed the payments that are included in the Debt Services. Mr. Haffa said he would be interested in seeing how much the CIP budget should be in the future to adequately maintain the infrastructure. He asked to see a long term plan. City Manager McCarthy said that is the plan for staff to develop that plan. On question, Mr. Forbis explained the increases in the Tidelands fund via rents. Mr. Haffa said he would like to see how that fund could be leveraged. He asked to add a goal to gradually increase CIP budget so by 2025 it can sustain infrastructure.

Councilmember Barrett asked Council to include a priority regarding economic development in order to keep revenues such as sales tax healthy. He asked to understand the predictions of rising revenues, and Mr. Forbis said that he would review additional revenue sources besides TOT, Sales and Property taxes. Mr. Barrett supported the idea of expanding the trolley service to a wider area of the community and days of operation. He supported unfreezing the Real Estate analyst position, but questioned why it is only for two years. Mr. McCarthy said that staff would like to do a trial to see how the workload balances out.

Councilmember Downey asked if it is possible to loan money from the Parking Fund, and Mr. Forbis said that would be possible.

Mr. Barrett voiced concerns regarding the rising credit card fees and asked how those might be reduced. On question Fire Chief Panholzer reviewed the Urban Search and Rescue Team program. On question, Finance Director Forbis said that the quarterly financial reports would not change, and the budget document would be printed biennially.

Councilmember Haffa said that he would be interested in hearing more about the Real Estate Analyst position, and that he would like to consider whether privatizing property management would be more viable. He said that the profit motive might cause better management. He clarified that he is talking about negotiating leases and managing the property.

Councilmember Downey agreed, noting that she has asked to agendaize privatizing a lease negotiator.

**ADJOURNMENT**

Having no further business to come before the City Council, Mayor Roberson adjourned the meeting at 5:48 p.m.

Respectfully Submitted,

Approved,

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Bonnie Gawf  
Director of Information Resources / City Clerk

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Clyde Roberson  
Mayor

DRAFT



**MINUTES**  
**CITY COUNCIL REGULAR MEETING**  
**CITY OF MONTEREY**  
**Tuesday, June 2, 2015**  
**7:00 - 11:00 p.m. 7:00 - 11:00 p.m.**  
**COUNCIL CHAMBER, FEW MEMORIAL HALL OF RECORDS**  
**MONTEREY, CALIFORNIA**

**Councilmembers**

**Present:** Councilmembers Barrett, Downey, Haffa, Smith, Roberson

**Absent:** None

**City Staff**

**Present:** City Manager, City Attorney, Director of Information Resources/City Clerk, Assistant City Manager, Deputy City Manager Plans and Public Works, Community Services Director, Fire Chief, Interim Police Chief, Interim Human Resources Director, Library Director, Assistant City Attorney, Chief of Planning, Engineering, and Environmental Compliance, Assistant Finance Director, Housing & Property Manager, Communications and Outreach Manager

**CALL TO ORDER**

Mayor Roberson called the meeting to order at 7:00 p.m.

**PLEDGE OF ALLEGIANCE**

Mayor Roberson led the Pledge.

**CONSENT ITEMS**

Mayor Roberson said that a member of the public has asked to remove item 4 from the Consent Agenda. Councilmember Barrett asked to remove Items 6 and 7, and Councilmember Downey asked to remove Item 8. Members of the public asked Council to remove Item 11 and Item 3 for public comment.

On a motion by Mayor Roberson, seconded by Councilmember Smith, and carried by the following vote, the City Council approved the Consent Agenda, except Items 3, 4, 6, 7, 8, and 11, which were removed for discussion:

AYES:	5	COUNCILMEMBERS:	Barrett, Downey, Haffa, Smith, Roberson
NOES:	0	COUNCILMEMBERS:	None
ABSENT:	0	COUNCILMEMBERS:	None
ABSTAIN:	0	COUNCILMEMBERS:	None
RECUSED:	0	COUNCILMEMBERS:	None

**Approval of Minutes**

1. May 19, 2015 (Information Resources - 701-09)  
**Action: Approved**

**Award of Contracts**

2. Award Construction Contract for the Skateboard Park Renovation and Expansion Project (30n0922) \*\*\*NIP\*\*\* (Plans & Public Works - 704-06)  
**Action: Adopted Resolution No. 15-099 C.S.**

- 2.1. Award a Construction Contract for the Building 627 Window Replacement Project \*\*\*PMSA\*\*\*  
(Plans & Public Works - 704-06)  
**Action: Adopted Resolution No. 15-107 C.S.**

### Ordinances

3. 1st Reading to Delete City Code Section 22-31 And Add City Code Sections 22-31 Through 22-31.16 Relating To Massage And Massage Establishments -- Continued from May 19, 2015 Meeting (City Attorney - 701-11)  
**Action: Removed from Consent; discussed; passed Ordinance to print**

Assistant City Attorney Salameh and Interim Police Chief Hober presented the staff report. Councilmember Haffa asked staff to provide information regarding the amount of the fees.

Mayor Roberson opened public comment on the item. Luis Osorio, speaking as an individual, spoke in support of the ordinance, saying that it would be an improvement. He said that the focus needs to be on eliminating human trafficking. Pat Venza said that some massage therapists are contractors. Carrie Hersel, massage therapist at Pebble Beach, offered to assist with policies and procedures. She urged the City to conform with the California law.

On a motion by Councilmember Downey, seconded by Mayor Roberson, and carried by the following vote, the City Council passed an ordinance to print deleting City Code Section 22-31 and adding City Code Sections 22-31 through 22-31.16 relating to massage and massage establishments:

AYES:	5	COUNCILMEMBERS:	Barrett, Downey, Haffa, Smith, Roberson
NOES:	0	COUNCILMEMBERS:	None
ABSENT:	0	COUNCILMEMBERS:	None
ABSTAIN:	0	COUNCILMEMBERS:	None
RECUSED:	0	COUNCILMEMBERS:	None

4. 2nd Reading – Amend Article 1 of Chapter 14 of the Monterey City Code related to Solid Waste and Recycling -- Continued from May 19, 2015 Meeting (Plans & Public Works - 802-07)  
**Action: Removed from consent; discussed; continued to June 16, 2015**

Mayor Roberson opened public comment on the item. Mike Becker said that due to the holiday and graduations he has not had time to complete the work on this matter. He asked Council to delay the second reading again. The Mayor closed public comment on the item.

On a motion by Councilmember Haffa, seconded by Mayor Roberson, and carried by the following vote, the City Council continued the item to the June 16, 2015 meeting:

AYES:	5	COUNCILMEMBERS:	Barrett, Downey, Haffa, Smith, Roberson
NOES:	0	COUNCILMEMBERS:	None
ABSENT:	0	COUNCILMEMBERS:	None
ABSTAIN:	0	COUNCILMEMBERS:	None
RECUSED:	0	COUNCILMEMBERS:	None

### Resolutions

5. Establish the 2015-16 Appropriation Limit (Gann Initiative) (Finance - 406-01)  
**Action: Adopted Resolution No. 15-100 C.S.**



6. Authorize Amendment to Agreement for Professional Services with James M. Cullem for the Water Authority Director Position (Human Resources - 704-05)  
**Action: Removed from Consent; discussed; adopted Resolution No. 15-101 C.S.**

Mayor Roberson gave a brief overview of this item. Councilmember Barrett said that Mr. Cullem is competent and knowledgeable in this area. He said that he pulled the item because this Council has not had an opportunity to discuss the value and utility of the Water Authority, and he needs to be convinced of the value.

City Attorney Davi explained that the topic of the item is to approve an Executive Director and the City must approve someone for the position under their contract with the Water Authority, and the discussion should focus on that topic.

Councilmember Downey voiced concerns regarding the amount of money being spent by Monterey on the Water Authority. She said that she supports Mr. Cullem completely. Councilmember Smith urged people to watch the video of the Authority's May 14 meeting.

Mayor Roberson opened public comment on the item. Nelson Vega commended the Council on watching spending, but outlined several accomplishments of the Water Authority. He said that Mr. Burnett obtained a bond that will save the ratepayers \$100 million and brokered a settlement agreement. He urged Councilmembers to attend the meetings, saying that the investment is worthwhile and serves everyone because water is critical. Mr. Lombardo said that the Authority has been helpful in keeping progress moving on the water project. He said that there is still opposition to the project and the Authority will continue to provide assistance. Having no further requests to speak, Mayor Roberson closed public comment on the item.

On a motion by Councilmember Downey, seconded by Councilmember Barrett, and carried by the following vote, the City Council adopted Resolution No. 15-101 C.S. authorizing an amendment to the agreement for professional services with James M. Cullem for the Water Authority Director position:

AYES:	5	COUNCILMEMBERS:	Barrett, Downey, Haffa, Smith, Roberson
NOES:	0	COUNCILMEMBERS:	None
ABSENT:	0	COUNCILMEMBERS:	None
ABSTAIN:	0	COUNCILMEMBERS:	None
RECUSED:	0	COUNCILMEMBERS:	None

7. Adopt the Annual Report and Approve a Resolution to Set a Public Hearing Date to Levy the Assessments on Lodging Businesses within the Monterey County Tourism Improvement District (MCTID) (Finance - 407-08)  
**Action: Removed from Consent; discussed; adopted Resolution No. 15-102 C.S.**

Councilmember Barrett said that he supports continued outreach. He asked about a significant difference in the costs for administration in the last two fiscal years. Tammy Blount explained that the allocation for administration has been altered so it is distributed differently between the funding sources this year and more of the TID is invested in sales and marketing, rather than administration.

On question from Councilmember Smith, Ms. Blount said that the CVB is partnering with the City to develop a comprehensive plan to minimize the effects of the Conference Center renovation in addition to the normal destination marketing efforts.

Mayor Roberson opened public comment on the item, had no requests to speak, and closed public comment.

On a motion by Councilmember Haffa, seconded by Councilmember Smith, and carried by the following vote, the City Council adopted Resolution No. 15-102 C.S., adopting the Annual Report and setting a Public Hearing date to levy the assessments on lodging businesses within the Monterey County Tourism Improvement District (MCTID):

AYES:	5	COUNCILMEMBERS:	Barrett, Downey, Haffa, Smith, Roberson
NOES:	0	COUNCILMEMBERS:	None
ABSENT:	0	COUNCILMEMBERS:	None
ABSTAIN:	0	COUNCILMEMBERS:	None
RECUSED:	0	COUNCILMEMBERS:	None

8. Authorize a Thirty-Five Percent (35%) Density Bonus as Incentive for Development of a 19-Unit Senior Housing Project at 613-619 Van Buren Street (Plans & Public Works - 202-02)  
**Action: Removed from Consent; discussed; adopted Resolution No. 15-103 C.S.**

On question, Housing and Property Manager Marvin explained that the project has not increased in size, but a density bonus is needed in order to allow the full nineteen units on this parcel. Principal Planner Cole explained how a density bonus operates.

Mayor Roberson opened public comments on the item. When there were no requests to speak, he closed public comments.

On a motion by Mayor Roberson, seconded by Councilmember Downey, and carried by the following vote, the City Council adopted Resolution No. 15-103 C.S., authorizing a thirty-five percent (35%) Density Bonus as incentive for development of a 19-unit senior housing project at 613-619 Van Buren Street:

AYES:	5	COUNCILMEMBERS:	Barrett, Downey, Haffa, Smith, Roberson
NOES:	0	COUNCILMEMBERS:	None
ABSENT:	0	COUNCILMEMBERS:	None
ABSTAIN:	0	COUNCILMEMBERS:	None
RECUSED:	0	COUNCILMEMBERS:	None

9. Approve Professional Services Agreement with Turbo Data Services, Inc. for Parking Citation Processing Services (Public Facilities - 405-04)  
**Action: Adopted Resolution No. 15-104 C.S.**
10. Authorize Agreement between the City of Monterey and the Monterey Peninsula Unified School District for School Resource Officer Services (Police - 704-05)  
**Action: Adopted Resolution No. 15-105 C.S.**
11. Providing Comments on the Draft Environmental Impact Report for the Pure Water Monterey Groundwater Replenishment Project (Plans & Public Works - 204-09)  
**Action: Removed from Consent; discussed; adopted Resolution No. 15-106 C.S.**

Mayor Roberson opened public comment on the item. Nina Beety said that she objects to recycling water to use as potable water due to the high contamination of the runoff. She said that the sources of the water are not pure. She said that the City should quit approving projects

that require more water. With no further requests to speak, Mayor Roberson closed public comment on the item.

Councilmember Downey asked to have a public presentation regarding the water recycling process and said that it is completely clean.

Mayor Roberson said that any member of the public can comment on the DEIR, which is what the Council is doing with this item tonight. Councilmember Smith said that the letter written by the staff provides excellent comments.

Councilmember Barrett said that he has read several studies regarding water purification, and it is a very complicated issue. He said that as a result of his research he believes it can be done.

Councilmember Downey said that MRWPCA is installing a pilot project on their property that demonstrates the process.

On a motion by Councilmember Haffa, seconded by Councilmember Smith, and carried by the following vote, the City Council adopted Resolution No. 15-106 C.S., providing comments on the Draft Environmental Impact Report for the Pure Water Monterey Groundwater Replenishment Project:

AYES:	5	COUNCILMEMBERS:	Barrett, Downey, Haffa, Smith, Roberson
NOES:	0	COUNCILMEMBERS:	None
ABSENT:	0	COUNCILMEMBERS:	None
ABSTAIN:	0	COUNCILMEMBERS:	None
RECUSED:	0	COUNCILMEMBERS:	None

#### Other

12. Appoint Agency Negotiator for Unrepresented City Attorney (City Attorney - 507-08)  
**Action: Appointed Mayor Roberson**

\*\*\*End of Consent Agenda\*\*\*

#### PUBLIC COMMENTS

Mayor Roberson opened public comment on items not on the agenda. Carrie Hersel, massage therapist at Pebble Beach and member of the Esselen Indian tribe, said that she is a survivor of sex trafficking, and her grandmother was trafficked by Father Serra. She said that there is a history of this in the Esselen tribe and is still an issue today. Nina Beety said that she is disappointed that the letter regarding Father Serra is not on tonight's agenda, and the City must address the issue of his human rights violations.

Skip Frates read the First Amendment of the Constitution, and said that it does not allow a government body to address the Pope and ask him to do something. He asked if it would accomplish anything. Steve Wittry gave a brief update regarding work being done using the Measure P funds.

Sam Rashkin said that there is a lot of confusion regarding the newly adopted leasing policies. He read from other cities' policies that would alleviate some concerns. Mr. Lombardo spoke on behalf of Chris Shake saying that there have been allegations of current leases being a gift of public funds. He reviewed the history of how the leases were negotiated and said that the courts have determined that the leases are fair market rent. He said that the current tenants

own the improvements and have the right to remove them, or the City can negotiate their purchase. Having no further requests to speak, Mayor Roberson closed public comments.

## **WATER UPDATE**

There was no report.

## **COUNCIL COMMENTS**

Councilmember Downey said that she decided not to pursue the topic regarding Father Serra due to this being an issue with the Church. She said that she has compassion for the lady who spoke, but the Council has limitations. She offered her apologies if she offended anyone.

Ms. Downey said that the new leasing policies do not limit the length of the leases or the number of options, and there is no reason to believe that the local small business character of the Wharf will change. She suggested prohibiting franchises. She said she has asked the new General Manager of Water Pollution Control Agency to come and make an extensive report on GWR. She said that she is pleased with the standing podium in the Chamber.

Councilmember Smith said that he takes his responsibility as a Councilmember and duty to the Charter very seriously. He said that he was not in favor of pursuing the Father Serra issue because that is not the purpose of the City Council. He gave a brief report on the MCCVB budget.

Councilmember Barrett acknowledged his mother's 91st birthday on Monday. He thanked the members of the community for their contributions to the lives we live today. He spoke about the importance and responsibility to care for and support our elders. He expressed gratitude and respect for Councilmembers for volunteering for a position that takes much time and work. He thanked members of the public for bringing their ideas.

Mayor Roberson called a recess at 8:49 p.m., then reconvened the meeting at 9:02 p.m.

## **CITY MANAGER REPORTS**

City Manager McCarthy reported that the City is moving forward on Measure P items and will proceed on June 10 through 19. He said that on June 12, the Monterey Firefighters will host a Movie on the Colton Hall Lawn.

Councilmember Smith reported on the CERT awards event, and he recognized the leadership and members of CERT.

## **PUBLIC APPEARANCE**

13. First Review of Recommended Capital Improvement Program (CIP) Projects for FY 2015/16 and FY 2016/17\*\*\*CIP\*\*\* (Plans & Public Works - 807-02)

**Action: Received and discussed report, providing feedback**

City Manager McCarthy introduced the item, and Principal Engineer Wittry presented the report.

Mayor Roberson asked for additional information regarding the removal of the fountain at Custom House Plaza as it relates to it being on State property. Mr. Wittry explained that the fountain removal will allow more versatility for the City's use of the Plaza during the renovation

of the Conference Center. Councilmembers said that they were interested in looking into using Tidelands funds for the 951 Del Monte remediation, if possible.

Mayor Roberson opened public comment on the item. Nina Beety asked if the Smart Parking program means "wireless" and voiced concerns regarding the new parking meters. She said that there are no details on the information technology projects. She asked that the City revisit these projects and install them without the wireless function. Having no further requests to speak, Mayor Roberson closed public comment.

Mayor Roberson said that he has been struggling with the Portola Plaza project with regard to priorities. He said that he would like to look at the PERS side fund and noted the potential to lose over a million dollars in the employees' PERS contributions and infrastructure needs. He voiced concerns regarding raising the Measure P sales tax then spending so much on this project.

Councilmember Haffa said that he believes the Portola Plaza should be the best we can do, but he does not believe a lot of general fund money should be spent on that.

Councilmember Downey agreed that the PERS side fund should be reviewed. She said that increasing sewer fees is not feasible at this time. She said that there is a lot of money being spent on the Conference Center, and it is important to make the Portola Plaza look good.

Councilmember Smith said that there is a return on investment with regard to the Conference Center and Portola Plaza. He noted that there is no General Fund money going into the Conference Center renovation. He supported investing in the Plaza, and said that there might be other funds that can be used. He supported refinancing the PERS side fund.

Councilmember Barrett said there are many complex issues regarding the PERS side fund. He suggested that there might be less costly ways to improve the Portola Plaza. He urged caution.

Councilmember Smith noted that the Downtown is going through a renovation and the Portola Plaza is significant and a high priority.

14. Consider Water Conservation Update and Approve Proposed Action Plan (Plans & Public Works - 804-05)  
**Action: Received report and directed staff to refer the Water Conservation proposed Action Plan to the Parks & Recreation Commission**

Principal Engineer Wittry presented the staff report and answered Councilmembers' questions. Mayor Roberson opened public comments and had no requests to speak. He returned the discussion to the dais.

Councilmember Haffa said that eliminating the Sports Center's towel service will just shift the water usage, but he supports giving people an option to take one or not. He supported installing timed showers. He said that irrigation should be reviewed on a case-by-case basis.

Councilmember Downey supported people having to request towels and installing timed showers. She asked to hear from Parks and Rec regarding watering. Mayor Roberson suggested putting up signs where the watering is done with recycled water.

Councilmember Smith said that he would be interested in reviewing more information on the timed showers at the Sports Center. He suggested supplying education and signage regarding water use there.

Councilmember Barrett agreed with the comments regarding towels and adding signs or other educational literature. He supported encouraging people to bring their own towel by granting incentives. He said he will start bringing his own towel. He disagreed with the metered showers, and instead suggested capping off some of the existing showers.

Mayor Roberson suggested that any money that is saved should be reinvested in the Sports Center. City Manager McCarthy said that the metered showers might have some complications that are not immediately apparent.

On a motion by Mayor Roberson, seconded by Councilmember Smith, and carried by the following vote, the City Council directed staff to refer the Water Conservation Proposed Action Plan to the Parks & Recreation Commission:

AYES:	5	COUNCILMEMBERS:	Barrett, Downey, Haffa, Smith, Roberson
NOES:	0	COUNCILMEMBERS:	None
ABSENT:	0	COUNCILMEMBERS:	None
ABSTAIN:	0	COUNCILMEMBERS:	None
RECUSED:	0	COUNCILMEMBERS:	None

**\*\*\*Adjourn to Closed Session\*\*\***

Mayor Roberson opened public comments on the item. Sam Rashkin advised Council to work to keep the tenant and incent them to fix up the building. Having no further requests to speak, Mayor Roberson closed public comments on the closed session items and adjourned the meeting to closed session at 10:16 p.m.

**ADJOURNMENT**

**ANNOUNCEMENTS FROM CLOSED SESSION**

Information Resources Director/City Clerk Gawf announced the following:

In a closed session conference with real property negotiators regarding property at 1187 Del Monte Avenue with negotiating parties Mohr Imported Cars, Inc. for price and terms of payment for a lease, the City Council voted unanimously on a roll call vote to give confidential direction to their negotiators.

In a conference with labor negotiator Mayor Roberson regarding an unrepresented employee: City Attorney, there was a roll call vote and Council gave confidential direction to their negotiator. The vote was unanimous.

The third closed session item, a conference with labor negotiators regarding Monterey Executive Management Employees Association, was not heard.

Respectfully Submitted,

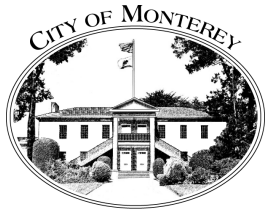
Approved,

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Bonnie Gawf  
Director of Information Resources / City Clerk

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Clyde Roberson  
Mayor



## Council Agenda Report

Date: June 16, 2015

Item No: 3.

**FROM:** Danial Pick, Deputy City Manager, Plans and Public Works  
Prepared By: George H. Helms, General Services Superintendent

**SUBJECT:** Award Presidio of Monterey & Ord Military Community for Pest Control  
Treatment On-Call\*\*\*\*PMSA\*\*\*\*

### RECOMMENDATION:

That the City Council adopt the attached resolution awarding a Pest Control Treatment On-Call contract to Hydrex Pest Control for a total base bid of \$38,950.00 for the Presidio of Monterey (POM), and Ord Military Community (OMC). The award is for a one (1) year pest control treatment on-call contract with a maximum of four (4) extensions, by written agreement between the City and Contractor.

### POLICY IMPLICATIONS:

This Service Contract is consistent with Council policy to protect the real and personal property of the Presidio of Monterey and Ord Military Community from damage by destructive pests or rodents.

The contract award is consistent with the City's policy to implement improvements per the contract between the Presidio Municipal Services Agency (PMSA) and the Federal Government.

This action also is consistent with the Council Vision and Strategic Initiative of "working to improve the quality of life of our residents (Military and Civilian Personnel)" by controlling pest infestations of existing infrastructure, thus improving and supporting the Army's critical operation in the building.

### FISCAL IMPLICATIONS:

On May 26, 2015 staff received four responsive bids. The responsive bids are as follows:

<u>Bidder</u>	<u>Base Bid Amount</u>
Hydrex Pest Control	\$38,950.00
Terminix	\$41,300.00
A-Pro Pest Control, Inc.	\$45,925.00
Clark Pest Control	\$90,200.00

**Engineers Estimate** – \$45,000.00 annually

Expenses incurred for pest control service at the Presidio and OMC are fully reimbursable by the Army.

**ENVIRONMENTAL DETERMINATION:**

All Presidio of Monterey projects require National Environmental Policy Act (NEPA) rather than CEQA evaluation. For NEPA, this action of annual maintenance falls under Categorical Exclusion (g) 1 and does not require a Record of Environmental Consideration (REC).

CEQA applies to discretionary projects. (Pub. Resources Code, § 21080, subd. (a).) CEQA does not apply to ministerial projects. (Pub. Resources Code, § 21080, subd. (b)(1).) There is a recognized policy consideration underlying the distinction between ministerial and discretionary projects. The purpose of CEQA is to minimize the adverse effects of new construction on the environment. To trigger CEQA compliance, the discretion must be of a certain kind; it must provide the agency with the ability and authority to mitigate environmental damage to some degree. Unless a public agency can shape the project in a way that would respond to concerns raised in an EIR, or its functional equivalent, environmental review would be a meaningless exercise. Here, the City does not have the power to deny or condition the permit, or otherwise modify the project in ways which would mitigate environmental problems an environmental impact report might conceivably have identified. The City does not have the authority to dictate changes to the Army's project's design or location in response to any impacts that an environmental review might reveal, the City's authority under CEQA is essentially ministerial and therefore no further environmental review is required by the City.

**ALTERNATIVES CONSIDERED:**

Council could decide not to approve the award of this contract. However, this alternative is not recommended. The proposed on-call contract for pest control treatment protects the Presidio of Monterey (POM)/Ord Military Community (OMC) buildings, the building contents and the occupants from insect and rodent infestations such as termites, wood beetles, subterranean termites, fleas, rodents, and other insects.

The Presidio and OMC pest services are fully reimbursable by the Army and are a required part of the PMSA Contract. The buildings must be maintained in order to provide a healthy working and living environment for service members and faculty.

**DISCUSSION:**

The proposed service contract will serve to protect the real and personal property of the, Presidio of Monterey (POM) and Ord Military Community (OMC) from damage by destructive pests or rodents in accordance with the specifications. In general, the work consists of furnishing pest treatment through an on-call contract that will provide these services monthly.

Bids were due on May 26, at 2:00 p.m. Four contractors submitted complete responsive proposals.

This contract is fully funded through the Army BASEOPS Contract. Staff recommends entering into a service contract with the lowest responsive bidder, Hydrex Pest Control Company.

GH/pjkg

Attachments: 1. Resolution



- c: Terminix, 950 Riverside Parkway, Suite 40, West Sacramento, CA 95605  
A-Pro Pest Control, Inc., 75-A Cristich Lane, Campbell, CA 95008  
Clark Pest Control, 12360 Christensen Road, Salinas, CA 93907
- e: Hydrex Pest Control Company

**RESOLUTION NO. \_\_-\_\_ C.S.**

Date: June 16, 2015

Item No: 3.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**AWARD PRESIDIO OF MONTEREY & ORD MILITARY COMMUNITY FOR PEST CONTROL  
TREATMENT ON-CALL \*\*\*PMSA\*\*\***

WHEREAS, on May 26, 2015 at 2:00 p.m. in the City of Monterey Council Chambers, the City Finance Representative received four bids for the Pest Control Treatment On-Call Contract for the Federal Government Presidio of Monterey and Ord Military Community;

WHEREAS, on May 26, 2015, at 2:00 p.m. the City of Monterey General Services Division received the lowest responsive bid of \$38,950.00 from Hydrex Pest Control Company for Pest Control Treatment On-Call Services; and

WHEREAS, the City of Monterey determined that all Presidio of Monterey projects require National Environmental Policy Act (NEPA) rather than CEQA evaluation. For NEPA, this action of annual maintenance falls under Categorical Exclusion (g) 1 and does not require a Record of Environmental Consideration (REC).

CEQA applies to discretionary projects. (Pub. Resources Code, § 21080, subd. (a).) CEQA does not apply to ministerial projects. (Pub. Resources Code, § 21080, subd. (b)(1).) There is a recognized policy consideration underlying the distinction between ministerial and discretionary projects. The purpose of CEQA is to minimize the adverse effects of new construction on the environment. To trigger CEQA compliance, the discretion must be of a certain kind; it must provide the agency with the ability and authority to mitigate environmental damage to some degree. Unless a public agency can shape the project in a way that would respond to concerns raised in an EIR, or its functional equivalent, environmental review would be a meaningless exercise. Here, the City does not have the power to deny or condition the permit, or otherwise modify the project in ways which would mitigate environmental problems an environmental impact report might conceivably have identified. The City does not have the authority to dictate changes to the Army's project's design or location in response to any impacts that an environmental review might reveal, the City's authority under CEQA is essentially ministerial and therefore no further environmental review is required by the City.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that the lowest responsive bidder, Hydrex Pest Control Company, with its bid of \$38,950.00 is hereby awarded for the on-call contract for Pest Control Treatment for the Federal Government Presidio of Monterey and Ord Military Community. The City Manager, or designee, is authorized to sign the contract. All other bids are hereby rejected.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by the following vote:

AYES: COUNCILMEMBERS:  
NOES: COUNCILMEMBERS:  
ABSENT: COUNCILMEMBERS:  
ABSTAIN: COUNCILMEMBERS:

APPROVED:

ATTEST:

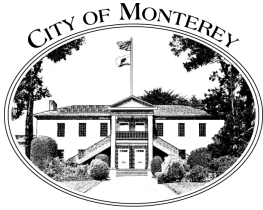
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Mayor of said City

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City Clerk thereof





## Council Agenda Report

Date: June 16, 2015

Item No: 4.

**FROM:** Dino Pick, Deputy City Manager of Plans and Public Works  
Prepared By: Kimberly Cole, AICP, Principal Planner

**SUBJECT:** Authorize a Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis for Monterey's Military Installations with Public Private Solutions Group Team and Transfer Funds

### RECOMMENDATION:

That the City Council adopt a Resolution authorizing the City Manager, or designee, to enter into a professional services contract for a SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis for Monterey's Military Installations with Public Private Solutions Group Team and transfer \$80,000 from Account 101-900-9114-0000-4285 to Account 101-310-3110-0000-4240.

### POLICY IMPLICATIONS:

The Department of Defense (DoD) is preparing for another Base Realignment and Closure (BRAC) process in the next several years. It is important for communities to prepare for this process and understand their strengths and weaknesses from a DoD perspective. The proposed analysis will provide the necessary background information to inform local decision makers about how best to enhance and protect our regional military missions and installations.

### FISCAL IMPLICATIONS:

The proposed professional services agreement will be funded with \$80,000 from Account 101-310-3110-0000-4240. The funds were budgeted in FY14-15.

### ENVIRONMENTAL DETERMINATION:

The City of Monterey Planning Office determined the project is exempt from the California Environmental Quality Act (CEQA) Guidelines (Article 19, Section 15306, Class 6) because the project proposes to prepare an informational study. Furthermore, the project does not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located - a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The informational study will evaluate the City's military installations. No physical changes are proposed and no impact will occur.

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. The informational study will evaluate the City's military installations. No physical changes are proposed and no impact will occur.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. The informational study will evaluate the City's military installations. No physical changes are proposed and no impact will occur.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report (EIR). The informational study will evaluate the City's military installations. No physical changes are proposed and no impact will occur.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. The informational study will evaluate the City's military installations. No physical changes are proposed and no impact will occur.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. The informational study will evaluate the City's military installations. No physical changes are proposed and no impact will occur.

#### **ALTERNATIVES CONSIDERED:**

The City Council could reject the proposed professional services proposal and request that staff negotiate a lower price by deleting specific tasks, as long as the change in the scope of work is less than under 25%. Or, the City Council could reject all proposals and issue a new Request for Proposals with a revised scope of work.

#### **DISCUSSION:**

Monterey's military installations form a vital \$1.5 billion dollar sector of our regional economy and enrich our communities with diverse professional skills, ethnicities and religious backgrounds. The BRAC process begins with directing legislation from Congress. The most recent legislation, which governed the 2005 BRAC round, directed the Department of Defense to review threats to national security, inventory U.S. military bases worldwide, develop criteria for assessing bases for closure, and submit a slate of bases proposed for closure to the Commission. The legislation also directed the formation of a 9 member bi-partisan Commission. The Commission's recommendations could either be accepted, in totality, or rejected by the President. A brief history of the BRAC process is at attachment 2.

In light of previous BRAC rounds, which resulted in the closure of Fort Ord and threatened the Defense Language Institute Foreign Language Center (DLIFLC) and Naval Postgraduate School (NPS); and ongoing Department of Defense budget reductions and calls for additional BRAC rounds, the City seeks to prepare for a potential future BRAC round, in part, through this

data collection and analysis effort. The SWOT analysis will inform our local, State, and Federal efforts to preserve and enhance our vital military sector. Prior to the passage of new BRAC legislation the SWOT analysis will help us identify key stakeholders at various levels that may be supportive or opposed to our military installations remaining in the Monterey region, and help to identify the best means to influence those stakeholders. The SWOT analysis will also analyze previous BRAC criteria, identify our bases' strengths and weaknesses when evaluated against them, and recommend ways to maximize our potential to preserve and enhance our regional military presence should a future BRAC round occur.

The City of Monterey issued a Request for Proposals to provide a Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis for Monterey's Military Installations. The RFP was advertised widely to include through the Association for Defense Communities (ADC) online network and various conferences in Washington DC. ADC is the nation's premier membership organization serving America's defense communities.

The City received two proposals. Public Private Solutions Group Team was selected as the most qualified firm and superior proposal. The proposed contract cost is \$80,000.

In conclusion, staff recommends that the City Council adopt a Resolution approving a professional services contract with Public Private Solutions Group and transfer \$80,000 from Account 101-900-9114-0000-4285 to Account 101-310-3110-0000-4240 to cover the project costs.

Attachments:   1. Resolution  
                  2. How Congress Cleared the Bases: A Legislative History of BRAC.

e:     Mr. William T Harvey, Public Private Solutions Group, Inc.  
       Representative Sam Farr, 20<sup>th</sup> Congressional District  
       Mr. Rick Johnson, Old Monterey Business Association  
       Ms. Mary Anne Leffel, Monterey County Business Council  
       Ms. Mary Alice Cerrito Fettis, Fisherman's Wharf Business Association  
       Ms. Bonnie Adams, Cannery Row Business Association  
       Mr. Jerry Anderson, North Fremont Business Association  
       Mayor Burnett, City of Carmel  
       Mayor Rubio, City of Seaside  
       Mayor Delgado, City of Marina  
       Mayor Kampe, City of Pacific Grove  
       Mayor Edelen, City of Del Rey Oaks  
       Mayor Pendergrass, City of Sand City

**RESOLUTION NO. \_\_-\_\_ C.S.**

Date: June 16, 2015

Item No: 4.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**AUTHORIZE A STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)  
ANALYSIS FOR MONTEREY'S MILITARY INSTALLATIONS WITH PUBLIC PRIVATE  
SOLUTIONS GROUP TEAM AND TRANSFER FUNDS**

WHEREAS, the Department of Defense (DoD) is preparing for another Base Realignment and Closure (BRAC) process in the next several years;

WHEREAS, Monterey's military installations form a vital \$1.5 billion dollar sector of our regional economy and enrich our communities with diverse professional skills, ethnicities and religious backgrounds;

WHEREAS, in light of previous BRAC rounds, the City seeks to posture the region to preserve and enhance our vital military sector;

WHEREAS, the proposed analysis will provide the necessary background information to inform local decision makers about how best to enhance and protect our regional military missions and installations;

WHEREAS, the City of Monterey issued a Request for Proposals to provide a Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis for Monterey's Military Installations. The RFP was advertised widely through the Association for Defense Communities online network and various conferences in Washington DC;

WHEREAS, the City received two proposals. Public Private Solutions Group Team was selected as the most qualified firm and superior proposal. The proposed contract cost is \$80,000;

WHEREAS, \$80,000 from Account 101-900-9114-0000-4285 will need to be transferred to Account 101-310-3110-0000-4240 to cover the project costs; and

WHEREAS, the City of Monterey Planning Office determined the project is exempt from the California Environmental Quality Act (CEQA) Guidelines (Article 19, Section 15306, Class 6) because the project proposes to prepare an informational study. Furthermore, the project does not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located - a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The informational study will evaluate the City's military installations. No physical changes are proposed and no impact will occur.



Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. The informational study will evaluate the City's military installations. No physical changes are proposed and no impact will occur.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. The informational study will evaluate the City's military installations. No physical changes are proposed and no impact will occur.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report (EIR). The informational study will evaluate the City's military installations. No physical changes are proposed and no impact will occur.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. The informational study will evaluate the City's military installations. No physical changes are proposed and no impact will occur.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. The informational study will evaluate the City's military installations. No physical changes are proposed and no impact will occur.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby authorizes the City Manager, or designee, to sign an agreement for a Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis for Monterey's Military Installations with Public Private Solutions Group Team; and directs the Finance Director to transfer \$80,000 from Account 101-900-9114-0000-4285 to Account 101-310-3110-0000-4240 to fund the study.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_\_ day of \_\_\_\_\_, 201\_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

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Mayor of said City

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City Clerk thereof

# How Congress Cleared the Bases: A Legislative History of BRAC

BY GEORGE SCHLOSSBERG

## Introduction

As the nation struggles to absorb significant defense budget cuts over the next several years, it is instructive to review the historical setting that led to the creation of independent commissions to select military installations for closure. Accordingly, this paper describes the genesis of the Defense Base Closure and Realignment Commission and frames the policy considerations and legislative compromises that control the statutory base closure process; it will not attempt to describe the specific selection process to close or realign individual domestic military installations.<sup>1</sup>

The diversity of closure procedures available to the Department of Defense guides the nature of any analysis. There are three distinct statutory procedures for selecting military installations to close or realign. Only the third in this list is currently available for use by DoD:

- First, special, one-time procedures of the Defense Authorization Amendments and Base Closure and Realignment Act, as amended, Base Closure Act I (1988 round of closures and realignments; now expired);<sup>2</sup>
- Second, the four phases established by the Defense Base Closure and Realignment Act of

1990, as amended, Base Closure Act II (1991, 1993, 1995 and 2005 rounds of closures and realignments);<sup>3</sup> and

- Third, permanent law (10 U.S.C. §2687); which applied to those attempted before Base Closure Act I, and after the expiration of Base Closure Act II (which occurred on Sept. 15, 2011).

It is important to note that both Base Closure Acts were justified on the basis of expediting closures. While the selection process under the Base Closure Acts may be slower and more formal (e.g., both require independent executive branch commissions), implementing closures outside of the Base Closure Acts is considerably more complex and time consuming because full compliance with environmental protection regulations, among other requirements, is needed.

## The Historical Context of Base Closures

During the last six decades, the base closure process has been beset by mistrust on the part of Congress, and cries of interference on the part of the executive branch. Prior to the massive restructuring conducted during the tenure of Defense Secretary Robert McNamara, the President, as Commander in Chief, and

### GEORGE SCHLOSSBERG

*George Schlossberg is a partner of Kutak Rock. Mr. Schlossberg chairs the firm's Federal Practice Group and focuses on military base closure matters and the construction and financing of new government facilities. Mr. Schlossberg serves as general counsel to the Association of Defense Communities. He previously served as senior counsel in the Office of the Secretary of Defense, where his responsibilities included counseling the secretary and his staff regarding base closures, real property, defense installations, leasing and private financing. Mr. Schlossberg also has served as counsel to several federal offices, DoD's Office of Economic Adjustment, the President's Economic Adjustment Committee, the President's Commission on Alternative Utilization of Military Facilities and the DoD Bureau of Prisons Assistance Council.*

acting through the Secretary of Defense, retained unlimited authority to relocate military forces. This was deemed to be a unique constitutional prerogative of the Commander in Chief; Congress's role was limited to providing the necessary resources.

The massive dislocations caused by the McNamara closures, and rising congressional concerns that base closures were being used to reward friends and punish political enemies, especially during the Vietnam phase-down, led to increased congressional interest and legislative activity.

Historically, the simplest and most effective way for Congress to stop a closure has been attaching a restriction to an appropriations bill. Normally, these restrictions were site specific and, while limited to the life of the appropriation, were repeated annually. The executive branch traditionally has taken the view that while funding restrictions could prevent the expenditure of money for rent, facilities, or other improvements, no fund restriction language, no matter how broadly drawn, could prevent the Commander in Chief from relocating military forces. Nevertheless, DoD has not challenged Congress in this regard; the risk of appropriations act restrictions on clearly permissible targets — such as weapon systems or personnel ceilings — has been too great.

Because of past timidity on the part of DoD, broadly drawn oversight measures also have been used to stop closures. Congressional attempts to enact permanent restrictions have resulted in two presidential vetoes; most recently, President Ford vetoed the Military Construction Authorization Act for fiscal year 1977 because it attempted to limit the President's power over military bases. However, an uneasy compromise was reached in 1977 when Congress enacted the predecessor of the current base closure statute (now 10 U.S.C. §2687). The compromise revolved around an acceptable report-and-wait process. Nevertheless, enactment of section 2687 throttled base closures; the extensive statutory

reports required by the law provide ample time and opportunity for court challenges on environmental grounds, or as to the sufficiency of particular studies. Moreover, long delays permit communities to rouse Congress. In fact, DoD was unsuccessful in closing any major bases during the decade preceding enactment of Base Closure Act I.

## **The Creation and Role of Independent Commissions to Select Military Installations for Closure and Realignment**

### **The First Commission**

In early 1987, Rep. Dick Armey of Texas introduced a bill to facilitate military base closures by creating a commission to review the entire domestic base structure of DoD. The idea of a short-lived, bipartisan, independent commission gained support in Congress. While originally reluctant to surrender certain constitutional powers of the President to an independent commission, then-Secretary of Defense Frank Carlucci believed that he had a historic opportunity to effect base closures if action was taken before the end of the Reagan administration. He believed it was necessary for a commission to be established, the recommendations to be approved by the commission and delivered to the Secretary, and for DoD to review and accept the recommendations, with implementation to commence — all within a narrow window of opportunity — subsequent to the November 1988 election and prior to the January 1989 inauguration.

In an effort to jumpstart the process, Secretary Carlucci moved ahead of Congress and established the Defense Secretary's Commission on Base Realignment and Closure (first Base Closure Commission) on May 3, 1988, pursuant to existing law, the Federal Advisory Committee Act.<sup>4</sup> This action spurred Congress to enact Base Closure Act I on the eve of the 1988 election, in time to meet the Secretary's timetable.

Base Closure Act I contained an important compromise to insulate the Base Closure Commission from political interference and favoritism that was acceptable to both Congress and the executive branch. Base Closure Act I adopted the so-called “all-or-nothing” language that required both the President and Congress to adopt or reject the final recommendations of the Commission as a package; neither the President nor Congress could add or subtract individual installations. The only mechanism for either branch to remove bases recommended for closure or realignment by the Commission was to reject the entire package and suffer the political cost of scuttling what was perceived to be a historic opportunity to restructure the defense establishment.

The first Base Closure Commission issued its final report at a Pentagon press conference on Dec. 29, 1988. The 1988 Report recommended closing 86 military installations and realigning 59. The 1988 Report was distributed to the Secretaries of the military departments and the Chairman of the Joint Chiefs of Staff for their views and, within a week, all came back recommending that the Secretary adopt all of the Commission’s recommendations. On Jan. 5, 1989, the Secretary, in conformance with Base Closure Act I, accepted the recommendations and so notified Congress. As a matter of law, DoD was obligated to carry out all of the recommendations of the first Base Closure Commission by Sept. 30, 1995, the time period established by Base Closure Act I.

### **The Cheney List**

At the time the first Base Closure Commission was established, and even when Secretary Carlucci adopted the Commission’s recommendations, it was widely believed that base closure had been put to bed for a generation. However, the confluence of a reduced defense budget and the outbreak of peace in Eastern Europe convinced the President and then-Secretary of Defense Dick Cheney that another round of closures was necessary.

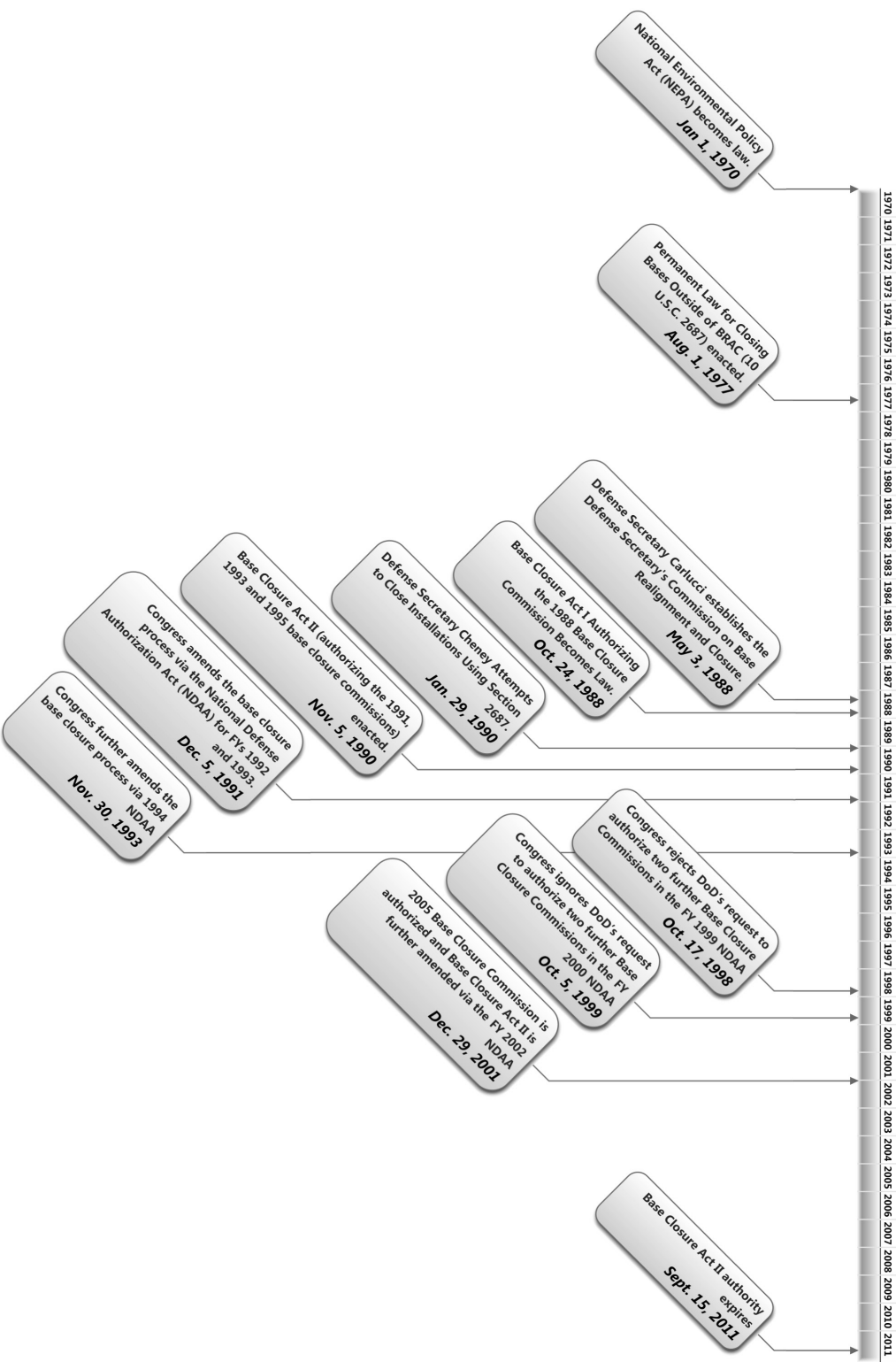
Secretary Cheney, however, opted not to wait for new legislation to ease the closure bottleneck as was accomplished on a one-time basis by Base Closure Act I. Instead, he attempted to close installations using the cumbersome procedures then in place — 10 U.S.C. §2687, the National Environmental Policy Act of 1969 (NEPA) as amended and the Federal Property Act. The result was the Jan. 29, 1990, “Cheney List.”

The first obstacle DoD faced in implementing the Cheney List, as with any major non-Base Closure Act closure or realignment, was the inability of the department to make final decisions without complying fully with the procedural requirements of NEPA. NEPA applies solely to the decision-making process; it requires all agencies to consider the environmental effects of their actions prior to making a decision. This lengthy decision-making process, which must be conducted under the glare of full public scrutiny, takes an estimated 10 to 18 months, if no litigation arises.

Under NEPA, if DoD determines that the proposed action (closure or realignment) is a “major Federal action(s) significantly affecting the quality of the human environment,” then the decision to proceed with the action may not be made until an environmental impact statement has been prepared, a time-consuming endeavor; on the other hand, if the threshold is not met, then DoD can proceed with the action following an environmental assessment, which documents the conclusion that there is no significant impact on the environment. Without doubt, the closure of a large military installation is a “major federal action.”

The NEPA process is subject to continual congressional oversight and judicial review; moreover, because of the enormous economic cost to communities, NEPA litigation almost always accompanies a base closure announcement. And, while NEPA suits may not prevent a closure or realignment permanently,

# Milestones in the Evolution of BRAC



if properly couched, a lawsuit can buy years of time by slowing down the already glacial pace of environmental studies.

The second obstacle to implementing the Cheney List was the required congressional notifications under section 2687. While Secretary Cheney's public announcement, with its charts and handouts was impressive, it failed to comply with the statute for the simple reason that it was not submitted to Congress as part of the department's annual budget request. Section 2687 requires the Secretary of Defense, prior to a closure or realignment announcement, to submit a notice "as part of an annual request for authorization of appropriations." Since the authorization request is required by law to be submitted within 10 days after the President submits the annual budget,<sup>5</sup> section 2687 limits DoD to one round of closures a year during a very narrow, 10-day window.

Substantively, section 2687 requires "an evaluation of the fiscal, local economic, budgetary, environmental, strategic, and operational consequences of such closure or realignment." The required notice must address, as a separate and distinct item, each of the criterion required by the statute. And, while there is no statutory or court test by which to measure the adequacy of the individual evaluations, DoD must provide at least enough information to reasonably comply with the statute.

The draft Cheney List was received with congressional charges of unfairness and hidden political motives. Press reports detailed that the majority of the recommended closures would occur in Democratic congressional districts. DoD replied accurately that most defense installations were located in Democratic congressional districts and that it would be impossible to close bases where they are not located. Congress ultimately did not accommodate the closures and realignments announced in January 1990. But because lawmakers agreed the military

still retained excess infrastructure, later that year they passed Base Closure Act II. Base Closure Act II specifically, and very directly, vitiated the Cheney List; section 2909(a) of the Act states:

"this part shall be the exclusive authority for selecting for closure or realignment, or for carrying out any closure or realignment of, a military installation inside the United States. "

Accordingly, the Jan. 29, 1990, list announced by Secretary Cheney provided nothing more than a loose starting point for the DoD staff as they proceeded with the Base Closure Act II process.

### **The Second Base Closure Act**

Concomitant with unveiling the January 1990 list of candidates for closure, Secretary Cheney proposed additional legislation to simplify and speed up the closure process. The Secretary's proposal was identical to Base Closure Act I procedurally; however, it would have permitted DoD to make closure decisions and eliminated the need for an independent commission, placing decision-making outside of public scrutiny. In common with Base Closure Act I, it would have eliminated the sensitive, but restrictive, section 2687 reports to Congress, and would have provided increased incentives to DoD disposal agents to sell unneeded properties to the highest bidders by permitting DoD to retain the proceeds of the sales.

While the Secretary's proposal was passed by the Senate, it was soundly defeated in the House and ultimately was ignored by the congressional conferees for the defense authorization act. Nevertheless, as part of the 1991 defense authorization process, Congress passed base closure legislation (Base Closure Act II), although not in the form suggested originally by DoD. Base Closure Act II, as enacted originally in November 1990, established three additional rounds of closures and realignments (1991, 1993 and 1995), and authorized the creation of in-



dependent executive branch Defense Base Closure and Realignment Commissions (subsequent Base Closure Commissions) consisting of eight members appointed by the President with the advice and consent of the Senate. In the 1991 and 1993 rounds, however, the Commissions only had seven members due to resignations.

Base Closure Act II requires DoD to accomplish three things prior to the Commissions commencing their deliberations. First, as part of the President's budget request, DoD is required to submit to Congress:

"a force-structure plan for the Armed Forces based on an assessment by the Secretary of the probable threats to the national security."<sup>6</sup>

Second, DoD must publish in the Federal Register and transmit to the Congress:

"the criteria proposed to be used by the Department of Defense in making recommendations for the closure or realignment of military installations inside the United States under this part."<sup>7</sup>

Third, and most importantly, the Secretary is required to transmit to Congress and the subsequent Base Closure Commissions by a specified date:

"a list of the military installations inside the United States that the Secretary recommends for closure or realignment on the basis of the force-structure plan and the final criteria ..."<sup>8</sup>

The date set forth in the original statute for the 1991 round was April 15, 1991; subsequently, the date was changed to March 15, 1993, for the 1993 round and March 1, 1995, for the 1995 round to allow the Commissions additional time to complete their deliberations. For the 2005 round, the Secretary had to transmit DoD's recommendations by May 16, 2005.

The criteria used to determine which bases should be closed or realigned by the first Base Closure Commission under Base Closure Act I, and the final criteria used by both DoD and the subsequent Base Closure Commissions under Base Closure Act II for the 1991, 1993 and 1995 rounds, were similar. The single most important decision element remained military value — mission requirements and the impact on operational readiness — although the yardstick was changed. The first Base Closure Commission was charged with reviewing the impact of a closure recommendation on "the military departments concerned,"<sup>9</sup> while the subsequent Base Closure Commissions reviewed the DoD recommendations based upon their impact on "the Department of Defense's total force."<sup>10</sup>

In some cases this standard — military department vs. total force — led to conflicting results. For example, Fort McClellan, Ala., was once the home of the Army Chemical School, and was on the list of potential closures submitted by DoD for consideration by the Base Closure Commissions in 1991, 1993 and 1995. The Fort McClellan closure recommendation was developed first by the Army. The Fort McClellan Army Chemical School, however, included the only indoor live chemical agent training facility in the world and was used to train military contingents from the Army, Marine Corps, the Navy and representatives of 24 foreign allies. It is not clear that the Army consulted with the other branches of the Armed Forces, let alone U.S. allies, in preparing its closure recommendation. After reviewing this requirement, among other things, subsequent Base Closure Commissions reversed DoD in the 1991 and 1993 rounds, recommending Fort McClellan remain open. For the 1995 round, the Army came up with a revised recommendation to close Fort McClellan that satisfied the 1995 Commission and resulted in the post's closure and the relocation of the Army Chemical School to Fort Leonard Wood, Mo. For the 1991, 1993 and 1995 rounds of deliberations, DoD met all three of the statutory conditions



to close or realign military installations. For the 1991 round, DoD transmitted its recommendations for realignment and closure to the Commission on April 12, 1991, and the Commission considered the Secretary's recommendations and reported to the President a final list of recommended closures on July 1, 1991, as required by section 2903(d) of Base Closure Act II; for the 1993 round, DoD transmitted its recommendations on March 12, 1993, and the Commission submitted its final report to the President on July 1, 1993; for the 1995 round, DoD transmitted its recommendations on Feb. 28, 1995, and the Commission submitted its final report to the President on July 1, 1995.

### **Legislative Refinements to the Base Closure Process**

As DoD and Congress became familiar with Base Closure Act II's selection process, various legislative attempts were made to resolve lingering problems. For example, following the 1991 round of commission deliberations, Congress enacted comprehensive amendments to Base Closure Act II as part of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (1992/1993 Amendments).<sup>11</sup>

One of these changes addressed the congressional concern that if the President did not nominate the Commissioners in a timely fashion, the Commissioners would be unable to properly fulfill their duties once they were finally nominated and confirmed. Accordingly, section 2821(a) of the 1992/1993 Amendments established an additional condition for the Base Closure Commission to undertake its deliberations. Section 2821(a) stated that the process for selecting military installations for closure or realignment would be terminated unless the President transmitted to Congress the nominations for appointment to the Commission on or before the date specified in Base Closure Act II.

This section caused some trepidation among base closure proponents following the 1992 presiden-

tial election as it was not clear whether President George Bush would send nominations for the 1993 Commission to Congress in the waning days of his administration, and, if not, whether President Clinton would be able to submit the names of nominees in time to meet the statutory deadline. Ultimately, Bush did transmit names to Congress; these individuals were subsequently confirmed and presided over the deliberations that considered the closure recommendations submitted by Clinton.

Section 2821(b) of the 1992/1993 Amendments addressed a DoD concern that the Commission was building up a body of staff expertise on DoD's base structure that rivaled that of the military departments. This was deemed to be inappropriate because the Commission was created to be an appellate body and was not intended to substitute its judgment, or that of the individual Commissioners, for that of the Secretary of Defense. The concern held that the Commission was exceeding its responsibility to review the recommendations of DoD and determine whether they were consistent with the department's force structure report approved by the President and the base selection criteria published in the Federal Register.

Accordingly, section 2821(b) of the 1992/1993 Amendments limited the number and composition of professional staff members and analysts that could be employed by the Commission. One restriction limited the number of staff to 15 at any one time during calendar years 1992 and 1994; presumably, this would prevent the training and retention of the analysts necessary to challenge DoD's views during the periods immediately preceding the Commission's deliberations in 1993 and 1995. On the other hand, legislative efforts were made to free the Commission from any undue DoD influence by limiting the number of DoD personnel that could be detailed to the Commission, as well as limiting the number of Commission staff members who had worked previously for DoD.

Section 2821(f) of the 1992/1993 Amendments provided a key substantive change to the Commission selection process by clarifying the Commission's authority to radically alter DoD's closure and realignment recommendations. During the 1991 round of deliberations, a serious debate arose among the Commissioners and Commission staff as to whether, as part of its deliberative process, the Commission could add military installations to DoD's closure and realignment recommendations. The majority of the 1991 Commissioners adopted the conservative view that while the Commission could remove an installation from DoD's list of recommendations, the Commission did not have the authority to recommend the closure or realignment of installations not proposed by the Secretary of Defense.

In section 2821(f) Congress agreed with those who believed the Commission should be able to recommend the closure of installations not proposed by the Secretary of Defense, thereby permitting the Commission to collectively substitute its judgment for that of the Secretary. Section 2821(f) codified procedural changes to Base Closure Act II to allow the Commission to make changes to the list of recommendations made by the Secretary of Defense only if the Commission:

"determines that the change is consistent with the force structure plan and final criteria referred to in subsection (c)(1); ... publishes a notice of the proposed change in the Federal Register not less than 30 days before transmitting its recommendations to the President ... and (iv) conducts public hearings on the proposed change."

As a result of this change, the Commission held a second set of hearings during the 1993 round to ensure that no community would be caught by surprise and suffer the loss of a military installation without the opportunity to address the Commission. This made for a rather hectic June 1993, the 30-day period set forth in the amendment.

Among other things, the chaos caused by the Commission adding new candidates for closure during the last month of its 1991 deliberations led to further amendments to Base Closure Act II to lengthen the duration of the Commission's deliberations.

The last change to Base Closure Act II enacted as part of the 1992/1993 authorization process concerned the submission of information and data to the Commission. During the 1991 round, several Commissioners expressed concern about the accuracy and timeliness of information submitted by DoD in response to questions from individual Commissioners and to questions raised by communities defending the military installations within their boundaries. As a result, Congress amended Base Closure Act II to require government personnel to certify that information submitted to the Commission is accurate and complete to the best of that person's knowledge and belief.

Very few substantive amendments were made to Base Closure Act II concerning the base closure selection process as part of the National Defense Authorization Act for FY 1993<sup>12</sup> or for FY 1994.<sup>13</sup> Changes that were made concerned the reuse of the property rather than the base closure selection process. Nevertheless, in section 2925 of the 1994 authorization act, Congress made its first attempt to statutorily influence the drafting of the selection criteria used by DoD and the Base Closure Commission. The criteria used by the 1988, 1991 and 1993 Commissions were drafted solely by DoD. During the 1991 and 1993 rounds, the criteria were submitted to Congress for approval and in neither case did Congress take any action to amend or reject the department's criteria.

Section 2925 states "it is the sense of Congress that the Secretary of Defense consider, in developing ... amended criteria, whether such criteria should include the direct cost of such closures and realignments to other federal departments and agencies."

Nevertheless, the final criteria for the 1995 round remained identical to those used during the 1991 and 1993 base closure rounds. Congress again attempted to influence the selection criteria when authorizing the 2005 round.

Following the 1995 round of closures, the Base Closure Act II authorizations expired and no changes were made to the base closure selection process. Nevertheless, Congress significantly amended the Base Closure Acts as part of the National Defense Authorization Acts for Fiscal Years 1995 through 1997 to clarify and simplify the reuse and disposal process.<sup>14</sup>

### **The Genesis of the 2005 Base Closure Round**

Following the 1995 round, continuing DoD efforts to streamline its operations and shed unneeded infrastructure led to DoD calls for additional closures. In response, Congress required the Secretary of Defense to prepare a report justifying future closures. Section 2824 of the National Defense Authorization Act for FY 1998,<sup>15</sup> among other things, required DoD to prepare a report detailing:

“the costs and savings attributable to the rounds of base closures and realignments conducted under base closure laws and on the need, if any, for additional rounds of base closures and realignments.”

In April 1998, as required, DoD presented Congress with its report on base realignment and closure. In the report, then-Secretary of Defense William Cohen defined the department’s Defense Reform Initiative to re-engineer business processes, consolidate organizations, compete commercial activities and eliminate excess infrastructure. Secretary Cohen declared, “Central to this effort are two additional rounds of base realignment and closure beginning in 2001.”

The April 1998 report made the case for base

realignment and closure proposed by President Clinton in the FY 1999 budget request. The Clinton administration’s proposal would have authorized additional rounds of base closures in 2001 and 2005 with a process similar to prior rounds: the creation of an eight-member Base Closure Commission, with members nominated by the President in consultation with congressional leaders, the completion of a force structure plan, and selection criteria for making closure or realignment recommendations.

However, the Clinton administration’s legislative proposal was rejected by Congress and the National Defense Authorization Act for FY 1999 did not authorize future rounds.<sup>16</sup> Among the many reasons given for rejecting the call for additional rounds was dissatisfaction with the Clinton administration’s implementation of the 1995 round of base closures, specifically President Clinton’s directive that allowed for the privatization in place of existing work at Kelly Air Logistics Center in San Antonio and McClellan Air Logistics Center in Sacramento, Calif. Both installations were recommended for closure by the 1995 Base Closure Commission with no mention of privatization as an alternative. President Clinton was accused of circumventing the bipartisan process in an effort to curry electoral favor by keeping the depot work and jobs in place as private entities, thereby avoiding the full effect of the Commission’s closure recommendations.

Again, in March 1999, Secretary Cohen went to Capitol Hill and asked lawmakers to consider the Clinton administration’s FY 2000 budget proposal for two additional rounds of base closure. And again, due to lack of trust in the White House’s ability to implement an impartial base realignment and closure process, Congress ignored the request for future commissions in the National Defense Authorization Act for FY 2000<sup>17</sup> and the National Defense Authorization Act for FY 2001.<sup>18</sup>

With the election of President George W. Bush and

change of administration in 2001, came a renewed DoD push for closures. In July 2001, DoD outlined its proposal for another round of base closures, the Efficient Facilities Initiative (EFI). In announcing the EFI, Pete Aldridge, Undersecretary of Defense for Acquisition, Technology and Logistics, stated that the main precepts of prior rounds, the establishment of an independent, bipartisan base closure commission and the all-or-nothing aspect, would remain. However, unlike deliberations in prior base closure rounds, Aldridge said, "Recommendations for closure or retention will be based upon future force structure needs to meet our strategy, and will emphasize retained military value." The EFI also proposed one round of base closures, rather than two, in order to "get the pain of base closure over quickly." Secretary of Defense Donald Rumsfeld sent the EFI to Congress for consideration in August 2001.

Throughout the fall of 2001, Congress debated whether to authorize another round of closures in its fiscal year 2002 defense authorization. Staunch opposition came from members of the House of Representatives, and, in fact, the House did not include language authorizing closures in its version of the authorization bill. The Senate, however, did authorize a single round of base closures to begin in 2005. After considerable debate, the House-Senate conference committee in December 2001 passed the National Defense Authorization Act for FY 2002, which included language amending Base Closure Act II and authorizing an additional base closure and realignment round for 2005.<sup>19</sup> The legislation differed only slightly from the Bush administration's EFI proposal.

The 2001 amendments to Base Closure Act II required DoD to complete three key steps prior to the 2005 Base Closure Commission commencing its deliberations. First, as part of President Bush's budget request for FY 2005, the Secretary of Defense had to submit to Congress:

"A force-structure plan ... based on an assessment by the Secretary of the probable threats to the national security during the 20-year period beginning with fiscal year 2005, the probable end-strength levels and major military force units ... needed to meet these threats, and the anticipated levels of funding that will be available for national defense purposes during such period," and

"A comprehensive inventory of military installations worldwide for each military department, with specifications of the number and type of facilities in the active and reserve forces of each military department."<sup>20</sup>

Second, DoD was required to publish in the Federal Register and provide to Congress no later than Feb. 16, 2004,

"the final criteria proposed to be used by the Secretary in making recommendations for the closure or realignment of military installations inside the United States."<sup>21</sup>

On Dec. 23, 2003, DoD issued its draft criteria that mirrored the guidance provided by the defense authorization act. Once again, military value had to be the primary consideration of the secretary of defense in making recommendations for closure or realignment.

Third, the Secretary of Defense was required to transmit to Congress and the Base Closure Commission, no later than May 16, 2005,

"a list of the military installations inside the United States that the Secretary recommends for closure or realignment on the basis of the force-structure plan and infrastructure inventory prepared by the Secretary ... and the final selection criteria."<sup>22</sup>

Significantly for the 2005 round, and unlike previous rounds, the Secretary of Defense had a new option when considering whether to close or realign a military installation. Previously, if a base was unneeded or expensive to maintain, the Secretary needed to choose between keeping the base open or closing it and disposing of the surplus property. For 2005, the Secretary was able to recommend that an installation be closed and placed on inactive status if it had future national security uses or retention was otherwise in the best interest of the United States.

This option allowed the department to shut down the installation but retain the property for an indefinite period of time. This possibility raised the stakes considerably for affected communities. For not only was a community faced with the loss of valuable military jobs, but it could be denied the opportunity to reuse the property and replace its job losses and tax base. In a worst case scenario, an installation could be closed, the property put in an inactive status and crucial real estate and facilities kept off the tax rolls, preventing any meaningful form of economic recovery.

Other important statutory differences between the 2005 base closure round and prior rounds include:

- The Commission was composed of nine members, whereas prior Commissions had eight. This potentially eliminated tie votes.
- The Secretary of Defense had to assess probable threats to national security and determine potential surge requirements necessary to meet those threats.
- The Commission could not add an installation to the closure/realignment list unless at least two Commissioners had visited the base.
- The BRAC Commission could not add any military facility to the list of facilities to be closed

under the Secretary of Defense's infrastructure plan unless a super-majority (seven of the nine Commissioners) agreed to do so. In contrast, the Commission could remove a base from the closure list by a simple-majority vote.

- DoD had to create, by Dec. 31, 2003, a working group on the provision of military health care to persons who relied on health care facilities located at military bases that were selected for closure or realignment in the 2005 round.

The BRAC 2005 recommendations were finalized on Sept. 15, 2005.

### **No Legislative Refinements Made after the 2005 Base Closure Round**

Congress made no revisions to the base closure process after the 2005 round, as it was the final of four rounds under Base Closure Act II. Of course, come February, it is possible that the President or Congress may request one or more new base closure rounds as part of the FY 2013 budget process.

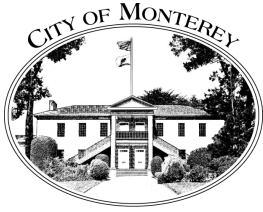
### **Conclusion**

The legacy of the BRAC process arose from the need to streamline Department of Defense operations and to do so in a manner acceptable across the political spectrum. The procedures that were followed — in 1988, 1991, 1993, 1995 and 2005 — to evaluate and ultimately close or realign bases has been refined significantly since the first base closure round. But the essential process has not changed and is rooted in the existence of an independent bipartisan commission evaluating DoD recommendations to produce an all-or-nothing list of closures and realignments.

### Endnotes

1. This paper also will not address the very complex and time-consuming manner by which the federal government reuses or disposes of surplus federal property.
2. Pub.L.No. 100-526
3. Pub.L.No. 101-510
4. 5 U.S.C. appendix 1
5. 10 U.S.C. §2859
6. Base Closure Act II, section 2903(a)
7. Base Closure Act II, section 2903(b)
8. Base Closure Act II, section 2903(c)
9. Revised Charter, #A.1., Nov. 8, 1988
10. Final Criteria, #1 in 1991, 1993, 1995 and draft criteria in 2005
11. Pub.L.No. 102-190
12. Pub.L.No. 102-484
13. Pub.L. No. 103-160
14. Pub.L.No. 103-337, Pub.L.No. 104-106 and Pub.L.No. 104-201, respectively
15. Pub.L.No. 105-85
16. Pub.L.No. 105-261
17. Pub.L.No. 106-65
18. Pub.L.No. 106-398
19. Pub.L.No. 107-107
20. Section 3001 (Pub.L.No. 107-107)
21. Section 3002 (Pub.L.No. 107-107)
22. Section 3003 (Pub.L.No. 107-107)





## Council Agenda Report

Date: June 16, 2015

Item No: 5.

**FROM:** Dino Pick, Deputy City Manager Plans and Public Works  
Prepared By: Tricia Wotan, Environmental Regulations Manager

**SUBJECT:** 1st Reading – Amending Monterey City Code Chapter 31.5 Storm Water Management Article 2 Urban Storm Water Quality Management and Discharge Control for Consistency with State Regulations

### RECOMMENDATION:

That the City Council adopt amended provisions of the Monterey City Code pertaining to Storm Water Management to comply with state regulations.

### POLICY IMPLICATIONS:

Updating the City's storm water regulations will bring this Chapter of the City Code into conformance with water quality regulations. Section E.6.a of the State Water Resources Control Board (SWRCB) National Pollution Discharge Elimination System (NPDES) General Permit requires cities to update local codes to meet the requirements of the General Permit. These proposed City Code amendments update prohibited discharges to the storm drainage system, clarify construction Best Management Practices (BMP) requirements, and emphasize watercourse protection and regulatory permitting needs as a real property development consideration.

The Council's adoption of this amendment supports the following two City Council value drivers: 1) preserving, promoting, and maintaining our environmental assets, and 2) working to improve the quality of life of our residents. The amendments support the Council vision of responsive local government and prudent environmental stewardship. The amendments also support a General Plan Public Facilities Element goal to "Continue to improve drainage and urban runoff quality throughout the City and maintain Monterey's status as a regional lead agency for storm water management programs."

### FISCAL IMPLICATIONS:

There are no direct costs associated with adopting the amended codes. Costs associated with the development of program information for applicants are included in the annual storm water program budget. Currently, Engineering review and plan check of development projects for conformance with the new regulations are supported by existing Engineering staff and budget supported by the Storm Water Utility.

### ENVIRONMENTAL DETERMINATION:

The City of Monterey Planning Office determined the project is exempt from the California Environmental Quality Act (CEQA) Guidelines (Article 19, Section 15308, Class 8) because the project proposes to enact water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection, to assure the maintenance and protection of the environment. Furthermore, the project does not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located - a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The proposed project is the enactment of water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection to protect the environment and itself does not create a physical change to any sensitive environments.

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. The proposed project enacts local water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection, and thus through this environmental protection, the project will have no negative cumulative impact to the environment.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. The proposed project enacts local water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection to protect the environment and itself does not create a physical change to the environment, and thus no significant negative effect to the environment will occur.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements, which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report (EIR). The proposed project is the enactment of water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection to protect the environment and itself does not create a physical change to the environment or scenic highways. There will be no impact to the scenic resources such as trees, historic buildings, rock outcroppings, or similar resources.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. The proposed project enacts local water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection to protect the environment, and itself does not create a physical change to the environment nor impact hazardous waste sites.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. The project enacts local water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection to protect the environment, and itself does not create a physical change to the environment nor impact historical resources.



## **ALTERNATIVES CONSIDERED:**

No alternatives are recommended as the NPDES General Permit requires that ordinances be amended to reflect current permit requirements.

## **DISCUSSION:**

The proposed amendments will enact water quality regulations applicable to discharge prohibitions, construction, and watercourse considerations during the development process as mandated by the SWRCB and Regional Board.

### Background:

The City of Monterey (City) regulates storm water management and discharge control in its City Code, as mandated by the SWRCB and Central Coast Regional Water Quality Control Board (Regional Board). On February 5, 2013, the SWRCB adopted Water Quality Order No. 2013-0001, a statewide NPDES General Permit required under the federal Clean Water Act section 402(p)(6) for small municipalities that operate storm drainage systems that discharge storm flows to waters of the United States. This new and significantly expanded General Permit became effective July 1, 2013. As a part of the new General Permit, the City is required to review and revise relevant ordinances to control pollutant discharges into and from its storm drainage system to meet the requirements of the NPDES General Permit by June 30, 2015.

### Analysis

Staff reviewed the City's storm water ordinance and General Permit, and recommends code revisions to the City's storm water ordinance. Specifically, the NPDES General Permit requires municipalities to prohibit non-storm water discharges through our storm drainage systems, as well as provide exceptions for non-significant contributors of pollutants, such as water from foundation and footing drains, uncontaminated pumped groundwater, diverted streamflows, rising groundwaters, etc. Accordingly, the most substantial revisions replace an outdated discharge prohibitions list with an updated discharge prohibitions list, including exceptions enumerated by the SWRCB in the adopted NPDES General Permit.

Next, the NPDES General Permit requires regulations that specify construction BMP types, and the implementation of a more comprehensive construction oversight program. The City could require an applicant to submit a construction site BMP plan prior to start of construction to demonstrate proper management and control of sediment, materials, and wastes during construction.

Lastly the City must ensure that the preservation of, and any physical changes to, creeks, wetlands, and riparian habitats are considered during the site assessment and design phases of real property development. Also, the NPDES General Permit requires construction activity applicants to list other regulatory permits directly associated with the construction activity for which they are applying to the City. Such permits may be required by U.S. Army Corps of Engineers, Regional Board, SWRCB, California Department of Fish and Wildlife, U.S. Fish and Wildlife Service, National Oceanic and Atmospheric Association (NOAA) Monterey Bay National Marine Sanctuary, or others. The proposed code amendments will require owners of real property development to consider the preservation and protection of existing creek, wetland, and riparian habitats, which is consistent with goals and policies of General Plan Conservation and Open Space Elements.

Storm water runoff is a highly-valued, naturally-occurring resource. By better protecting it from pollutants and contamination, we preserve its intrinsic value as a local asset to our community for groundwater recharge, surface water/habitat replenishment, and potential future capture and use as a local water supply resource.

TW:sm

Attachments: 1. Draft Ordinance

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF MONTEREY**

**AMENDING MONTEREY CITY CODE CHAPTER 31.5 STORM WATER MANAGEMENT  
ARTICLE 2 URBAN STORM WATER QUALITY MANAGEMENT AND DISCHARGE  
CONTROL FOR CONSISTENCY WITH STATE REGULATIONS**

THE COUNCIL OF THE CITY OF MONTEREY DOES ORDAIN, as follows:

SECTION 1:

WHEREAS, the City of Monterey (City) regulates storm water management and discharge control as set forth in Monterey City Code Chapter 31.5 Storm Water Management, and as mandated by the State Water Resources Control Board (SWRCB) and Central Coast Regional Water Quality Control Board (Regional Board), and the City is authorized by Article XI, Sections 5 and 7 of the State Constitution to make and enforce regulations to promote and protect the health, safety, and security of the public;

WHEREAS, on February 5, 2013, the SWRCB adopted Water Quality Order No. 2013-0001, which is a statewide National Pollutant Discharge Elimination System (NPDES) General Permit required under federal Clean Water Act section 402(p)(6) for small municipalities that operate storm drainage systems that discharge storm flows to waters of the United States;

WHEREAS, regulations in the NPDES General Permit Section E.6.a Legal Authority require, among other regulations, small municipalities to review and revise relevant ordinances or other regulatory mechanisms, or adopt any new ordinances or other regulatory mechanisms, to obtain adequate legal authority, to the extent allowable under state or local law, to control pollutant discharges into and from, as applicable, its Municipal Separate Storm Sewer System (MS4), and to meet the requirements of the NPDES General Permit;

WHEREAS, the City intends to comply with the NPDES General Permit requirement to regulate water quality and drainage impacts of urbanization caused by, among other factors, illegal discharges or connections, construction activities, and watercourse disturbances, which shall be accomplished by revision to Monterey City Code Chapter 31.5 as well as make reference to the extensive water quality regulations mandated by the SWRCB and Regional Board;

WHEREAS, NPDES General Permit Section E.6.a Legal Authority requires the City to review and revise relevant ordinances to establish adequate legal authority to control pollutant discharges into and from the Storm Drain System to meet the requirements of the NPDES General Permit, which in this action include code revisions necessary to address NPDES Section B. Discharge Prohibitions, Section E.10 Construction Site Runoff Control Program, and E.12 Low Impact Development Design Standards; and

WHEREAS, the City of Monterey Planning Office determined the project is exempt from the California Environmental Quality Act (CEQA) Guidelines (Article 19, Section 15308, Class 8)

№12/12

because the project proposes to enact water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection, to assure the maintenance and protection of the environment. Furthermore, the project does not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2, as described below:

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located - a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The proposed project is the enactment of water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection to protect the environment and itself does not create a physical change to any sensitive environments.

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. The proposed project enacts local water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection, and thus through this environmental protection, the project will have no negative cumulative impact to the environment.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. The proposed project enacts local water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection to protect the environment and itself does not create a physical change to the environment, and thus no significant negative effect to the environment will occur.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements, which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report (EIR). The proposed project is the enactment of water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection to protect the environment and itself does not create a physical change to the environment or scenic highways. There will be no impact to the scenic resources such as trees, historic buildings, rock outcroppings, or similar resources.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. The proposed project enacts local water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection to protect the environment, and itself does not create a physical change to the environment nor impact hazardous waste sites.

Exception f - Historical Resources. A categorical exemption shall not be used for a

project which may cause a substantial adverse change in the significance of a historical resource. The project enacts local water quality regulations applicable to discharge prohibitions, construction activities, and watercourse protection to protect the environment, and itself does not create a physical change to the environment nor impact historical resources.

NOW THEREFORE, the Monterey City Council declares as follows:

SECTION 2: The foregoing recitals are adopted as findings of the City Council as though set forth fully herein.

SECTION 3: Monterey City Code, Chapter 31.5, Article 2, Section 31.5-5 is hereby amended to read as follows:

“Section 31.5-5. Purpose and Intent.

The purpose and intent of this Article is to ensure the health, safety, and general welfare of citizens, and protect and enhance the water quality of waters of the state and waters of the United States, and protect water bodies in a manner pursuant to and consistent with the Clean Water Act Section 402(p)(6), Porter-Cologne Water Quality Control Act (California Water Code §13000 et seq.), State Water Resources Control Board (SWRCB) Water Quality Order No. 2013-0001-DWQ National Pollutant Discharge Elimination System (NPDES) General Permit No. CAS000004 Waste Discharge Requirements for Storm Water Discharges from Small Municipal Separate Storm Sewer Systems (NPDES General Permit), Central Coast Regional Water Quality Control Board Resolution No. R3-2013-0032 Post-Construction Stormwater Management Requirements for Development Projects in the Central Coast Region, and per subsequent amendments thereto, by reducing pollutants in storm water discharges to the maximum extent practicable and by prohibiting non-storm water discharges to the storm drain system. The NPDES General Permit and Central Coast Regional Water Quality Control Board Resolution No. R3-2013-0032 are hereby adopted and incorporated by reference in this chapter as if fully set forth herein.”

SECTION 4: Monterey City Code, Chapter 31.5, Article 2, Section 31.5-12 is hereby deleted.

SECTION 5: Monterey City Code, Chapter 31.5, Article 2, Section 31.5-12 is hereby added to read as follows:

“Section 31.5-12 Prohibition of Discharges.

(a) No person or entity shall discharge or cause to be discharged into the municipal Storm Drain System or waters of the state, any materials, including but not limited to, Pollutants or waters containing any Pollutants that may cause or contribute to a violation of applicable water quality standards, other than storm water. Wastes deposited temporarily in the street in proper waste receptacles for the purpose of solid waste collection are exempted from this prohibition. Examples of prohibited discharges or illegal connections to the Storm Drain System include, but are not limited to:

- i. Water from the cleaning of gas stations, vehicle service garages, or other types of vehicle service facilities;

- ii. Water, cleansers, or solvents from the cleaning of vehicles, machinery or equipment, and other such commercial and industrial activities;
- iii. Water from the washing or rinsing of vehicles containing soap, detergents, solvents, or other cleaners (except individual residential car washing per §31.5-12(c));
- iv. Water from the washing or rinsing of vehicles, with or without soap, from auto body repair shops, including water from the cleaning or rinsing of vehicle engine, undercarriage, or auto parts cleaning;
- v. Vehicle fluids;
- vi. Mat wash and hood cleaning water from food service facilities;
- vii. Food and kitchen cleaning water from food service facilities;
- viii. Grease, food, or wash waters from food or kitchen service facilities, or mobile food vendors;
- ix. Leakage from dumpsters or trash containers.
- x. Water from the cleaning or rinsing of garbage dumpster areas and areas where garbage is stored or contained;
- xi. Water from pressure washing, steam cleaning, and hand scrubbing of sidewalks, gutters, plazas, alleyways, outdoor eating areas, steps, building exteriors, walls, driveways, and other outdoor surfaces;
- xii. Wastewater or cleaning fluids from carpet cleaning;
- xiii. Swimming pool and spa water (not dechlorinated);
- xiv. Wash out from concrete trucks, or ready-mix concrete washout;
- xv. Runoff from areas where hazardous substances, including diesel fuel, gasoline and motor oil are stored, except as allowed by §31.5-14;
- xvi. Super-chlorinated water normally associated with the disinfection of potable water systems;
- xvii. Construction debris and fluids, such as, but not limited to, paint, dirt or sediment, construction wastes, rinse or wash waters; and
- xviii. Sewage, or other forms of pollutants, from recreational activities including boating and camping, and from recreational vehicles and boats.

(b) Discharges to the municipal Storm Drain System of material other than storm water is prohibited and are illegal, except as allowed under Section 31.5-12(c) or as otherwise authorized by a separate NPDES permit, waiver, or waste discharge order issued to a discharger and administered by the State of California under the authority of the federal Environmental Protection Agency, provided that the discharger is in full compliance with all requirements of the permit, waiver or order and other applicable laws and regulations, and provided that written approval has been granted by the City for any discharge to the Storm Drain System. The commencement, conduct or continuance of any illicit discharge to the Storm Drain System is prohibited except as described in §31.5-12(c).

(c) The following non-storm water discharges are not prohibited, except as noted in NPDES General Permit Attachment C Areas of Special Biological Significance (ASBS) Specific Provisions, provided any pollutant discharges are identified and appropriate control measures to minimize the impacts of such discharges are developed and implemented by the responsible person or entity. This provision does not obviate the need to obtain any other appropriate permits for such discharges:

- (i) water line flushing;
- (ii) individual residential car washing;
- (iii) diverted stream flows;
- (iv) rising ground waters;
- (v) uncontaminated ground water infiltration (as defined at 40 C.F.R. Section 35.2005(20)) to separate storm sewers;
- (vi) uncontaminated pumped ground water;
- (vii) discharges from potable water sources;
- (viii) foundation drains;
- (ix) air conditioning condensation;
- (x) springs;
- (xi) water from crawl space pumps;
- (xii) footing drains;
- (xiii) flows from riparian habitats and wetlands;
- (xiv) dechlorinated swimming pool discharges;
- (xv) incidental runoff from landscaped areas, which is defined as unintended amounts (volume) of runoff, such as minimal over-spray from sprinklers that escapes the area of intended use. Water leaving an intended use area is not considered incidental if it is due to: the facility design; excessive application; intentional; or due to negligence and

Discharges or flows from fire-fighting activities. These non-storm water discharges need only be addressed where they are identified as a significant source of pollutants to waters of the U.S., such as posing a threat to water quality standards.

- (d) With written concurrence of the Regional Board, the City may exempt in writing other non-storm water discharges which are not a source of pollutants to the Storm Drain System, waters of the State, or U.S.”

SECTION 6: Monterey City Code, Chapter 31.5, Article 2, Section 31.5-15(c) is hereby amended to read as follows:

“(c) Construction Sites. BMPs to reduce pollutants in any storm water runoff activities shall be incorporated in any land use entitlement and/or construction or building-related permit. The owner and developer shall comply with the terms, provisions, and conditions of such land use entitlements and/or building permits as required by the City and as required by the NPDES General Permit and as amended thereto, including, but not limited to, the requirement to submit, implement, and maintain site-specific construction BMPs as applicable for erosion and sediment control, soil stabilization, source controls, materials and stockpile management, dewatering, and similar pollution prevention measures to prevent dumping or illegal discharges during construction into the Storm Drain System. ”

SECTION 7: Monterey City Code, Chapter 31.5, Article 2, Section 31.5-18 is hereby amended to read as follows:

“Section 31.5-18. Watercourse Protection.

- (a) Every person or entity owning property through which a watercourse passes, or such owner’s lessee, shall keep and maintain that part of the watercourse within the property reasonably free of trash, debris, excessive vegetation, and other obstacles that would pollute, contaminate, or significantly retard the flow of water through the watercourse. In addition, the owner or lessee shall maintain existing privately owned structures within or

adjacent to a watercourse, so that such structures will not become a hazard to the use, function, or physical integrity of the watercourse. The owner or lessee shall not remove healthy bank vegetation beyond that actually necessary for maintenance, or remove said vegetation in such a manner as to increase the vulnerability of the watercourse to erosion. The property owner or such owner's lessee, shall be responsible for maintaining and stabilizing that portion of the watercourse that is within their property lines in order to protect against erosion and degradation of the watercourse originating or contributed from their property.

- (b) Watercourse protection shall be identified in the development planning stage of real property by the person or entity owning the property through which a watercourse passes, in order to retain creeks, wetlands, and riparian areas that provide habitat, and to remediate degraded water quality. Such considerations include, but are not limited, to preservation and setbacks from creeks, wetlands, and riparian habitats in compliance with applicable local, state, and federal laws and regulatory permit authorities, such as U.S. Army Corps of Engineers, Regional Board, SWRCB, California Department of Fish and Wildlife, U.S. Fish and Wildlife Service, National Oceanic and Atmospheric Association (NOAA) Monterey Bay National Marine Sanctuary, and in conformance with low impact development site assessment and design standards of the NPDES General Permit and Regional Board Resolution No. R3-2013-0032, and as amended thereto."

SECTION 8: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 9: This ordinance shall be in full force and effect thirty (30) days from and after its final passage and adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

\_\_\_\_\_  
Mayor of said City

\_\_\_\_\_  
City Clerk thereof



**AN ORDINANCE OF THE COUNCIL OF THE CITY OF MONTEREY**

**DELETING CITY CODE SECTION 22-31 AND ADDING CITY CODE SECTIONS 22-31  
THROUGH 22-31.16 RELATING TO MASSAGE AND MASSAGE ESTABLISHMENTS.**

THE COUNCIL OF THE CITY OF MONTEREY DOES ORDAIN, as follows:

SECTION 1:

WHEREAS, the California Legislature recently approved Assembly Bill 1147 (Bonilla), which amended the California Massage Therapy Act (Cal. Bus. & Prof. Code § 4600 *et seq.*), and which went into effect on January 1, 2015;

WHEREAS, this new law authorizes cities to adopt or enforce local ordinances that govern zoning, business licensing, or reasonable health and safety requirements for establishments of a certified massage therapist or certified massage practitioner;

WHEREAS, the City of Monterey has experienced an increase in the number of massage establishments over the past several years;

WHEREAS, the City of Monterey desires to regulate massage establishments to balance community needs and to minimize the negative secondary effects associated with such uses;

WHEREAS, these health and safety regulations are not intended to provide the exclusive regulation of massage establishments. Massage establishments must comply with any and applicable regulations at the state and local level, including the Massage Therapy Act, and zoning regulations of the Monterey City Code;

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act ("CEQA") (CCR, Title 14, Chapter 3 ("CEQA Guidelines"), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW THEREFORE, the Monterey City Council declares as follows:

SECTION 2: Monterey City Code, Chapter 22, Section 31 is hereby deleted.

SECTION 3: Monterey City Code, Chapter 22, Sections 31 through 31.16 are hereby added to read as follows:

**“Sec. 22-31 Massage Therapists and Massage Establishments.**

(a) This ordinance shall be known as the Massage Permit Ordinance.

(b) It is the purpose and intent of this Ordinance to provide for the orderly regulation of massage therapists and massage establishments, in the interest of public health, safety and welfare. This Ordinance relies upon the certification process of the California Massage Therapy Council under California Business and Professions Code Section 4600, *et seq.* In addition, this Ordinance provides certain minimum standards for the operation of massage establishments, their managing employees, and massage therapists and practitioners in order to protect the health, safety and welfare of the citizens of the City of Monterey, as well as to ward against illegal sexual commerce.

**Sec. 22-31.1 Definitions.**

1. “California Massage Therapy Council” or “CAMTC” means the California Massage Therapy Council created under California Business and Professions Code Section 4602.
2. “Certified Massage Practitioner” means a person who is currently certified as a massage practitioner by the CAMTC pursuant to California Business and Professions Code Section 4604.2 and who administers massage for compensation.
3. “Certified Massage Therapist” means a person who is currently certified as a massage therapist by the CAMTC pursuant to California Business and Professions Code Section 4604 and who administers massage for compensation.
4. “Massage” means the application of various techniques to the soft tissues of the human body as defined in California Business and Professions Code Section 4601(e). Application of massage techniques may include, but is not limited to, any method of pressure or friction, stroking, kneading, rubbing, tapping, stretching, pounding, vibrating, or stimulating the external surfaces of the body with hands or with any object or appliance.
5. “Massage establishment” means a place where Certified Massage Therapists or Certified Massage Practitioners practice massage as provided in California Business and Professions Code Section 4601(f). The following are not considered Massage Establishments under this Section: California state-licensed hospitals, nursing homes, the office of a licensed medical professional, or other state licensed physical or mental health facilities; nor a personal fitness training center, gym, athletic facility or health club, when the administering of massage is an incidental function of the business, constituting 10% or less of the business.

6. "Outcall massage service" means a business which provides a massage at a location designated by the client or the massage practitioner or therapist, other than a massage establishment.
7. "Owner" means any individual natural person, proprietorship, partnership, firm, association, joint stock company, corporation, organization, limited liability company, trust, or combination of individuals of whatever form or character that owns, has an equity interest in, or shares a percentage of massage therapy proceeds with a massage establishment.
8. "Person" means any individual, firm, association, partnership, corporation, joint venture, limited liability company, or combination of individuals.
9. "Police Chief" means the Police Chief of the City of Monterey or his or her authorized representative(s).
10. "Sexual or genital part" shall include the genitals, pubic area, anus, perineum of any person and the breasts of any female.
11. "Employee" means any person who renders any service, with or without compensation, for a Massage Establishment relating to the day-to-day operation of the Massage Establishment.

#### **Sec. 22-31.2 Certification and Registration Required.**

Except as otherwise provided in Section 22-31.4, it shall be unlawful for any person to provide massage in exchange for compensation unless they are a Certified Massage Therapist or Certified Massage Practitioner.

#### **Sec. 22-31.3 Massage Establishment – Permit Required.**

- (a) Except as otherwise provided in Section 22-31.4, it shall be unlawful for any person to own or operate a massage establishment in the City without first having obtained a permit to conduct such business pursuant to this Ordinance.
- (b) It is unlawful for a massage establishment operator to employ or retain any person to practice massage therapy for compensation, or to allow any person to perform massage therapy for compensation on the premises of a massage establishment, unless that person is listed on the massage establishment permit issued pursuant to this Ordinance.
- (c) It is unlawful for a massage establishment to operate under any name or conduct business under any designation not specified in the massage establishment permit issued pursuant to this Ordinance.
- (d) It is unlawful for a massage establishment to continue to operate following the sale or transfer of any interest in the massage establishment to a person who was not identified as an owner in the massage establishment permit application.

(e) In order to add authorized massage professionals to the permit, change the name or address of the massage establishment, change the owners of the massage establishment, etc., the permit must be amended under section 22-31.8 prior to any change to the information submitted with the permit application. It is unlawful for a massage establishment to operate with any changed conditions prior to approval of an amended permit.

(f) The permit required hereby shall be in addition to any required City business license, conditional use permit in accordance with Chapter 38 of this Code, or other permit if otherwise required by law. A permit issued under this Ordinance does not authorize the permittee to practice massage therapy until the permittee has complied with all business license requirements and all other applicable federal, state, and City of Monterey laws and regulations.

#### **Sec. 22-31.4 Permit Exemptions.**

The permit requirements of this Ordinance shall not apply to the following persons while engaged in the performance of their duties:

- (1) Any individual licensed to practice the art of healing as defined under Business and Professions Code Section 500 et seq. while engaging in a practice within the scope of their license;
- (2) Any person licensed to practice barbering or cosmetology as defined in Business and Professions Code Section 7300 et seq. while engaging in a practice within the scope of their license;
- (3) Trainers of any amateur, semiprofessional or professional athlete or athletic teams while engaging in their training responsibilities for and with athletes;
- (4) Any employee of a California state-licensed hospital, nursing home, or other state-licensed physical or mental health facility while engaging in a practice within the scope of their employment;
- (5) Accredited high schools and colleges, and their coaches and trainers while acting within the scope of their employment;
- (6) Accredited colleges, or universities that offer massage therapy programs whose instructors and students are acting within the scope of their employments or within the scope of their curriculum; and
- (7) Any other business or professions exempt by State law.

#### **Sec. 22-31.5 Massage Establishment Permit Application.**

Every owner of a massage establishment shall complete an application, signed under penalty of perjury, furnished by the Police Chief, and pay the non-refundable application fee as determined by City Council resolution to cover the cost of the permitting activities established by this Ordinance. A massage establishment permit does not authorize the permittee to provide massage therapy services, and it is unlawful to do so without a valid CAMTC certification.

All applications shall be dated and shall include, but are not limited to, the following information under penalty of perjury:

- (a) The name, address, and telephone number of the massage establishment.
- (b) The name, residence address and telephone number, and business address and telephone number of each owner of the massage establishment.
- (c) The form of business under which the applicant will be conducting the massage establishment, i.e., corporation, general or limited partnership, limited liability company, or other form. If the applicant is a corporation, the name of the corporation shall be set forth exactly as shown in its articles of incorporation, together with the names and residence addresses of each of its officers, directors, and each shareholder holding more than ten percent (10%) of the stock of the corporation. If the applicant is a general or limited partnership, the application shall set forth the name and residence address of each of the partners, including limited partners. If one (1) or more of the partners is a corporation, the provisions of this section pertaining to a corporate applicant shall apply. If the applicant is a limited liability company, the application shall set forth the name and residence address of each of the members. If one (1) or more of the members is a partnership, limited liability company, or corporation, the provisions of this section pertaining to a partnership, limited liability company, or corporate applicant shall apply, as applicable.
- (d) The name and address of the owner of the real property upon, in, or from which the certified massage establishment is to be operated. In the event the applicant is not the legal owner of the property, the application shall be accompanied by a copy of any written lease between the applicant and the property owner authorizing use of the premises for a massage establishment, or, alternatively, if there is no written lease, then a written, notarized acknowledgment from the property owner that the property owner has been advised that a massage establishment will be operated by the applicant upon, in, or from the property owner's property.
- (e) A description of the proposed massage establishment, including the type of treatments to be administered.
- (f) The name of each individual who the massage establishment does or will employ or retain to perform massage therapy for compensation, whether on or off the massage establishment premises.
- (g) For each individual who the massage establishment does or will employ or retain to perform massage therapy for compensation, whether on or off the massage establishment premises, a copy of that individual's current certification from the CAMTC as a certified massage practitioner or certified massage therapist, and a copy of his or her current CAMTC-issued identification card.
- (h) For each owner of the massage establishment who is a CAMTC-certified massage professional, a copy of his or her current certification from the California Massage Therapy Council as a certified massage practitioner or as a certified massage therapist and a copy of his or her current California Massage Therapy Council-issued identification card.

(i) For each owner of the massage establishment who is not a CAMTC-certified massage professional, the following information:

(1) Whether any owner of the massage establishment has within the five (5) years immediately preceding the date of application been convicted in any state of any misdemeanor or felony.

(2) Whether any owner of the massage establishment is currently required to register under the provisions of Section 290 of the California Penal Code.

(3) The business, occupation, and employment history of each owner of the massage establishment for five (5) years preceding the date of application, and the inclusive dates of same.

(4) For any owner who is not a CAMTC-certified massage professional, one (1) set of fingerprints of each owner of the massage establishment in a form satisfactory to the permit authority. The fingerprints shall be taken at a place designated by the permit authority, and any required fee for such fingerprinting shall be paid by the applicant.

(j) Whether any license or permit has ever been issued to the applicant by any jurisdiction under the provisions of any ordinance or statute governing massage therapy, and as to any such license or permit, the name and address of the issuing authority, the effective dates of such license or permit, whether such license or permit was ever suspended, revoked, withdrawn, or denied; and copies of any documentary materials relating to such suspension, revocation, withdrawal, or denial.

(k) Such other information as may be required by the permit authority to determine compliance with any other eligibility requirements for issuance of the permit as specified by federal, state, or local law.

**Sec. 22-31.6 Massage Establishment Permit Issuance.** The Police Chief shall issue a massage establishment permit if the applicant meets the requirements of this Ordinance and no grounds for denial exist under section 22-31.7. The Police Chief may impose conditions on the permit consistent with this Ordinance and applicable law.

(a) **Timing.** The Police Chief shall issue or deny the application for a new massage establishment permit within 60 calendar days of a completed application. When necessary, the Police Chief may extend the time to issue or deny the permit.

(b) **Notice.** If the applicant is not the record owner of the property where the massage establishment is located, the Police Chief may send a written notice to the property owner advising of the issuance of the permit and of the regulations applicable to the massage establishment. The Police Chief may also provide the property owner with copies of any other notices or communications with the applicant sent at any time before or after issuance of the permit.

(c) **Duration.** A massage establishment permit issued pursuant to the terms of this Ordinance shall be valid for a term of one (1) year from the date of issuance, and, unless

suspended or revoked, must be renewed by the massage establishment operator annually so long as the massage establishment is operating within the City.

1. A permittee may apply for a renewal of a permit 30 calendar days prior to the expiration of the permit. If, upon the 14<sup>th</sup> day after the expiration of a permit, an application for renewal has not been received, the permit shall be deemed expired and no privilege to provide massage therapy shall exist. A massage establishment may continue to provide massage under the terms of the previous permit if a timely renewal application has been received and is awaiting a determination by the Police Chief.

2. The Police Chief shall renew the permit within 30 calendar days of submission of the application for renewal if the information upon which the original application was granted remains unchanged and no violations of this Ordinance have been committed. In all other situations, the Police Chief shall approve or deny the application within 60 calendar days.

(d) No permit shall be sold, transferred, or assigned by the permittee or by operation of law to any other person. Any such sale, transfer, assignment, attempted sale, attempted transfer or attempted assignment shall constitute an immediate revocation of the permit and the permit shall thereafter be null and void. A new owner of a massage establishment must submit a new application for a massage establishment permit.

#### **Sec. 22-31.7. Massage Establishment Permit Denial.**

(a) The Police Chief may deny an application for a massage establishment permit on any of the following grounds:

1. The massage establishment, as proposed by the applicant, would not comply with the requirements of this Ordinance and/or with any applicable law, including, but not limited to the City's building, fire, zoning, and health regulations.

2. The applicant has knowingly made any false, misleading or fraudulent statement of material fact in the application for a massage establishment permit.

3. Any owner of the massage establishment, within five (5) years immediately preceding the date of filing of the application, has been convicted in a court of competent jurisdiction of any offense that relates directly to the operation of a massage establishment whether as a massage establishment owner or operator or as a person practicing massage for compensation, or as an employee of either; or has at any time been convicted in a court of competent jurisdiction of any misdemeanor or felony the commission of which occurred on the premises of a massage establishment.

4. Any owner of the message establishment is currently required to register under the provisions of Section 290 of the California Penal Code.

5. Any owner of the massage establishment, within five (5) years of the date of application, has been convicted in a court of competent jurisdiction of any violation of Sections 266, 266a, 266e, 266f, 266g, 266h, 266i, 266j, 315, 316, 318, 647(b), or 653.22 of the California Penal Code, or any other crime involving theft, dishonesty, fraud

or deceit; or conspiracy or attempt to commit any such offense, or any offense in a jurisdiction outside of the State of California that is the equivalent of any of the aforesaid offenses. A violation of Health and Safety Code Section 11550 or any offense involving the illegal sale, distribution or possession of a controlled substance specified in Health and Safety Code Section 11054, 11055, 11056, 11057 or 11058; or any offense under a statute of any state or ordinance of any city or county, which is the equivalent of any of the aforementioned offenses, including Business & Professions Code section 4609(a)

6. Any owner of the massage establishment has been subjected to a permanent injunction against the conducting or maintaining of a nuisance pursuant to Section 11225 through 11235 of the California Penal Code, or any similar provision of law in a jurisdiction outside the State of California.

7. Any owner of the massage establishment who is an individual has not attained the age of eighteen (18) years.

8. Any owner of the massage establishment, within five (5) years immediately preceding the date of filing of the application, has had a permit or license to practice massage for compensation or to own and/or operate a massage establishment revoked or denied in any jurisdiction.

(b) If prosecution is pending against the applicant for conduct listed in this Section, the Police Chief may postpone decision on the application until the final resolution of the prosecution. As used in this subsection, prosecution means charges filed by the district attorney, administrative proceedings brought by a local government or agency, or a civil or administrative action maintained by any city, county, state, or government.

#### **Sec. 22-31.8. Massage Establishment Permit Amendment.**

The owner of a permitted massage establishment may apply to amend the permit by submitting an application on a form provided by the Police Chief. The application shall be accompanied by the fee established by the City's fee schedule. The application shall not be granted unless the Police Chief determines that the terms of the amended permit comply with all requirements of this Ordinance and all other local, state, and federal laws. An amended permit shall retain its original expiration date. The Police Chief shall approve or deny the application for an amended permit within 60 calendar days.

A massage establishment may continue to provide massage under the terms of the previous permit while an application for an amended permit is awaiting a determination by the Police Chief.

#### **Sec. 22-31.9. Massage Establishment Permit – Suspension, Revocation, or Restriction.**

(a) The massage establishment operator shall be responsible for the conduct of all massage establishment employees, agents, independent contractors, or other representatives while such persons are on the premises of the massage establishment or providing outcall massage services on behalf of the massage establishment.



(b) Any massage establishment permit may be suspended, revoked, or restricted where the Police Chief finds that any of the following have occurred on even a single occasion:

1. The person(s) to whom the massage establishment permit has been issued, or any person employed or retained by the massage establishment, have violated any provision of this Ordinance or any relevant California or Federal law.
2. The permittee or any person employed or retained by the massage establishment has been convicted in a court of competent jurisdiction of having violated any of the following: California Penal Code Sections 266, 266a, 266e, 266f, 266g, 266h, 266i, 266j, 315, 316, 318, 647(b), or 653.22, of the California Penal Code, or any other crime involving theft, dishonesty, fraud or deceit; or conspiracy or attempt to commit any such offense, or any offense in a jurisdiction outside of the State of California that is the equivalent of any of the aforesaid offenses. A violation of Health and Safety Code Section 11550 or any offense involving the illegal sale, distribution or possession of a controlled substance specified in Health and Safety Code Section 11054, 11055, 11056, 11057 or 11058; or any offense under a statute of any state or ordinance of any city or county, which is the equivalent of any of the aforementioned offenses, including Business & Professions Code section 4609(a)
3. or conspiracy or attempt to commit any such offense, or any offense in a jurisdiction outside of the State of California that is the equivalent of any of the aforesaid offenses.
4. The permittee or any person employed or retained by the massage establishment is required to register under Section 290 of the California Penal Code.
5. The permittee has been subject to a permanent injunction against the conducting or maintaining of a nuisance pursuant to this code, or Section 11225 through 11235 of the California Penal Code, or any similar provision of law in any jurisdiction outside the State of California.
6. The permittee or any employee of the massage establishment has engaged in fraud or misrepresentation or has knowingly made a misstatement of material fact while working in or for the massage establishment.
7. The permittee has continued to operate the massage establishment after massage establishment permit has expired or been suspended.
8. Massage is or has been performed on the premises of the massage establishment, with or without the permittee's actual knowledge, by any person who is not a duly authorized CAMTC-certified massage professional.

**Sec. 22-31.10. Notice, Hearing, and Appeal.**

(a) Any person who has been denied a massage establishment permit; any person whose application for an amended permit has been denied; or any person whose privilege to operate a massage establishment has been suspended, revoked, or restricted shall be notified in writing

by means of registered mail, certified mail, or hand delivery of the Police Chief's decision as well as the person's right to request a hearing under section 22-31.10(c).

(b) Notwithstanding the foregoing, the Police Chief may immediately suspend a massage establishment permit without a prior hearing if he or she determines that the continued provision of massage services constitutes an immediate and significant threat to the public health, safety or welfare. In such a case, if requested, the Appeals Hearing Board shall conduct the hearing following the suspension.

(c) Any person who has been notified in writing by the Police Chief of the denial a massage establishment permit; any person whose application for an amended permit has been denied; or any person whose privilege to operate a massage establishment has been suspended, revoked, or restricted, may request a hearing before the Appeals Hearing Board. The request for a hearing must be in writing and must be made within 10 calendar days from the date of the decision to deny, suspend, revoke, or restrict the permit. If no hearing request is made within this time period, the Police Chief's notice of denial, revocation, suspension or restriction shall become final and shall go immediately into full force and effect.

(d) Upon receiving a written request for hearing, the Board shall set a time and place for the hearing not less than 10 days nor more than 60 days thereafter. The applicant or permittee shall be notified of the hearing by means of registered mail, certified mail, or hand delivery at least five days before the hearing date.

(e) All parties involved shall have the right to offer testimonial, documentary, and tangible evidence bearing on the issues, to be represented by counsel, and to confront and cross-examine witnesses. Formal rules of evidence shall not apply; any relevant evidence may be admitted if it is the sort of evidence upon which reasonable persons are accustomed to rely in the conduct of serious affairs. The City shall have the burden of proof of any violations by a preponderance of the evidence. Any hearing under this Ordinance may be continued for a reasonable time for the convenience of a party or witness. In the event that the applicant or permittee fails to appear at the hearing, the evidence of the existence of facts which constitute grounds for the denial, suspension, revocation, or restriction of the permit shall be considered conclusively established.

(f) Within 30 days of the hearing, the Board shall issue a written decision specifying the reasons for the decision, which shall be delivered by means of registered mail, certified mail, or hand delivery to the applicant or permittee. The decision of the Board shall be final and shall be subject to judicial review according to the provisions and time limits set forth in Code of Civil Procedure Section 1094.6.

**Sec. 22-31.11. Massage Establishment Reapplication.** If a massage establishment permit is revoked or not renewed as a result of violations, no massage establishment permit may be issued at that location for a period of five years from the date of the revocation or non-renewal.

**Sec. 22-31.12. Massage Establishment – Inspections by Officials.** The investigating officials of the City shall have the right as otherwise provided for by law to inspect a massage establishment during regular business hours, without a search or inspection warrant, to ascertain whether there is compliance with the provisions of this Ordinance.

**Sec. 22-31.13. Massage Establishment General Operating Requirements.** No massage establishment shall engage in, conduct or carry on, or permit to be engaged in, conducted or carried on, the operation of a massage establishment unless each and all of the following requirements are met:

(a) Massage operations shall be carried on, and the premises shall be open, only between the hours of 8:00 a.m. and 9:00 p.m. A massage begun anytime before 9:00 p.m. must nevertheless terminate at 9:00 p.m. No client shall be in the establishment between 9:00 p.m. and 8:00 a.m.

(b) The main entrance to the massage establishment shall be unlocked during posted business hours unless the massage establishment is a business entity owned by one individual with one or fewer employees or independent contractors.

(c) Display of Permits and Certificates.

(1) The massage establishment permit shall be displayed in an open and conspicuous place on the premises visible from the main entry door and/or reception and waiting area of the massage establishment.

(2) Each person employed or retained by a massage establishment to perform massage in or on the premises or through an outcall massage service shall display on his or her person the valid current photograph-bearing identification card issued to that employee by the CAMTC. A copy of each such identification card shall also:

(A) Be kept in a specific location by management and accessible to any regulatory body performing an inspection; and

(B) Be displayed in an open and conspicuous place visible from the main entry door and/or reception and waiting area of the massage establishment. The displayed copy need only include the first name and first letter of the last name. The home address of any employee need not be displayed.

(d) No permittee or employee of a massage establishment shall: (1) expose the sexual or genital parts of the permittee or employee in the course of a massage therapy; (2) touch or expose the sexual or genital part of any other person in the course of a massage therapy; or (3) perform massage therapy on a patron with the intent or purpose of arousing, appealing to, or gratifying the sexual desires of said patron.

(e) No permittee or employee of a massage establishment shall perform any task or service associated with the massage establishment while nude, semi-nude, or dressed in lingerie, see-through, or transparent attire. Garments shall be maintained in a clean and sanitary condition. The only exceptions will be for specific massage modalities which have been approved by CAMTC.

(f) No person shall sell, give, dispense, provide or keep, or cause to be sold, given, dispensed, provided or kept, any alcoholic beverage on the premises of any massage establishment.

- (g) Controlled Substances may not be consumed in a massage establishment unless the person has a prescription for the substance.
- (h) No person shall enter, be or remain in, any part of a massage establishment while in the possession of, consuming, or using any alcoholic beverage or drugs except pursuant to a prescription for such drugs. The owner, operator, or manager shall not permit any such person to enter or remain upon such premises.
- (i) Condoms or spermicides may not be stored, kept or used for any purpose in a massage establishment. Sexually-oriented implements, paraphernalia, or novelty items that are designed or marketed primarily for the stimulation of human genital organs shall not be stored, kept, or used for any purpose in a massage establishment.
- (j) A minimum of one toilet and wash basin shall be provided for the patrons in every massage establishment. Hot and cold running water under pressure shall be provided to all wash basins, bathtubs, showers, and similar equipment. Each wash basin shall be provided with soap or detergent and sanitary towels placed in permanently installed dispensers. A trash receptacle shall be provided in every toilet room. Every portion of a massage establishment, including appliances and apparatus, shall be kept clean and be operated in a sanitary condition. All massage establishments shall provide clean laundered sheets and towels in sufficient quantity which shall be laundered after each use, and stored in a sanitary manner. Receptacles shall be provided for the storage of used linens and paper towels.
- (k) The name of the designated on-site manager/operator must be posted in an open and conspicuous place on the premises visible from the main entry door and/or reception and waiting area of the massage establishment. It is unlawful for an owner to not have an owner or designated on-site manager/operator on the premises at all times the massage establishment is open.
- (l) No owner, manager, operator, responsible managing employee, or permittee shall permit, and no person performing massage shall offer or perform, any service other than those permitted under this Ordinance.
- (m) A massage establishment may not be used for residential or sleeping purposes unless the massage establishment is properly zoned and has all necessary use permits, and the massage establishment is owned by one individual with one or fewer employees or independent contractors.
- (n) No permittee or employee of a massage establishment shall place, publish, or distribute or cause to be placed, published, or distributed any advertising matter that depicts any portion of the human body that would reasonably suggest to prospective customers that any service is available that is prohibited under this Ordinance nor shall any massage establishment employ language in any advertising text or business name that would reasonably suggest to a prospective client that any service is available that is prohibited under this Ordinance.
- (o) No electrical, mechanical or artificial device shall be used by the owner and/or manager, massage therapist, or any employee of the massage establishment for audio and/or video recording or for monitoring the performance of a massage therapy, or the conversation or other sounds in the massage rooms without the knowledge and written consent of the patron.

(p) It is unlawful for an owner or designated on-site manager/operator to operate a massage establishment in which any unprofessional conduct occurs as defined by Business and Professions Code section 4609.

(q) During hours of operation, no person other than a valid permit holder under this Ordinance, a massage therapist or practitioner, or a patron or a patron's immediate family member shall be allowed beyond the reception area of the massage establishment. Patrons and visitors shall only be permitted in the Massage Establishment during the hours of operation. Patrons shall only be permitted in massage treatment areas if at least one massage therapist or massage practitioner is on the premises of the massage establishment.

**Sec. 22-31.14. Applicability to Existing Massage Establishments.**

(a) All persons currently holding a valid massage establishment permit shall have three months following the enactment of this Ordinance in which to comply with the requirements of the Ordinance. If a permittee does not attain compliance within the prescribed time limits, the Police Chief shall immediately suspend or revoke the permittee's permit(s).

(b) Any business that holds itself out as a massage establishment in any way will be subject to the provisions of this Ordinance.

**Sec. 22-31.15. Penalty for Violation.** Any person violating or failing to comply with any of the provisions of this Section shall be guilty of a misdemeanor. Every person who violates any provision of this Section may also be subject to administrative citations under City Code Sections 1-9 through 1-9.12, which is in addition to all other legal remedies, criminal or civil, which may be pursued by the City to address any violations of this code.

**Sec. 22-31.16. Severability.** If any section, subsection, sentence, clause or phrase of this Section is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Section. In addition, the City Council hereby declares that it would have passed the ordinance codified in this Chapter, and each and every section, subsection, sentence, clause or phrase not declared invalid or unconstitutional without regard to whether any portion of this Section would be subsequently declared invalid or unconstitutional."

SECTION 4: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 5: This ordinance shall be in full force and effect thirty (30) days from and after its final passage and adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

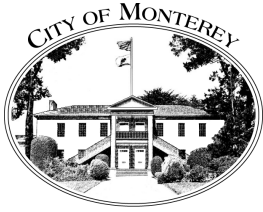
ATTEST:

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Mayor of said City

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City Clerk thereof



## Council No Agenda Report Memo

Date: June 16, 2015

Item No: 7.

**FROM:** Senior Assistant City Clerk

**SUBJECT:** 2nd Reading – Amend Article 1 of Chapter 14 of the Monterey City Code related to Solid Waste and Recycling -- Continued from June 2, 2015 Meeting

There is no agenda report for this second reading ordinance. Attached is a request to continue this matter.

Attachments: 1. Draft ordinance  
2. June 10, 2015 letter from Monterey County Hospitality Association

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF MONTEREY**

**AMENDING ARTICLE 1 OF CHAPTER 14 OF THE MONTEREY CITY CODE RELATED TO  
SOLID WASTE AND RECYCLING**

THE COUNCIL OF THE CITY OF MONTEREY DOES ORDAIN, as follows:

**SECTION 1:**

WHEREAS, the legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 and subsequent additions and amendments thereto (codified at California Public Resources Code Section 40000 *et seq.*) has declared that it is within the public interest to authorize, and to require local agencies to make adequate provisions for Solid Waste handling within their jurisdictions, and has established a Solid Waste management process, which requires cities and other local agencies to implement plans for source reduction, reuse, and recycling as part of their integrated waste management practices;

WHEREAS, the City of Monterey has adopted regulations pertaining to the collection, transportation, and disposal of Solid Waste and recyclables produced within the City;

WHEREAS, the City desires to amend Article 1 of Chapter 14 of the Monterey City Code to bring the City's Solid Waste and recycling regulations into conformance with its exclusive franchise agreement and with its current practices related to the collection, transportation, and disposal of Solid Waste and recyclables, and to enable the City to continue its compliance with the goals of the California Integrated Waste Management Act; and

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

**SECTION 2:** Monterey City Code, Chapter 14, Article 1, is hereby amended to read as follows:



## **ARTICLE 1. IN GENERAL**

**Sec. 14-0. Definitions.** For the purpose of this Article, the following words and phrases shall have the meanings respectively ascribed to them below.

(a) "Business" means a commercial or public entity, including, but not limited to, a firm, partnership, proprietorship, joint stock company, corporation, or association that is organized as a for-profit or nonprofit entity, or a Multifamily residential dwelling.

(b) "City Manager" means the City Manager and his/her authorized designee.

(c) "Commercial premises" means all Premises except residential Premises.

(d) "Construction and Demolition Material" means the waste building materials, packaging and rubble resulting from construction, remodeling, repair and demolition operations on pavements, houses, commercial buildings and other structures.

(e) "Franchisee" means the person, firm, corporation or other enterprise or organization, or his or her authorized agents and employees, that is a party to the exclusive franchise agreement with the City of Monterey for the collection of Solid Waste and Recyclable Materials.

(f) "Hazardous Waste" shall mean any waste, which because of its quantity, concentration, or physical, chemical, or infectious characteristics, may do either of the following:

1. Cause, or significantly contribute to, an increase in mortality, an increase in serious irreversible illness, or an increase in incapacitating reversible illness.

2. Pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, disposed of, or otherwise managed.

3. Unless expressly provided otherwise, "Hazardous Waste" includes extremely hazardous waste and acutely Hazardous Waste as those terms are defined in the California Health and Safety Code sections 25115 and 25110.02, respectively, as may be amended.

(e) "Multifamily dwelling" means any permanent Premises of at least two units used for residential purposes, where the units do not receive separate or individual Solid Waste collection service. By way of illustration, Multifamily dwelling includes apartment buildings, attached single-family dwellings, such as townhouses and condominiums, and mobile home parks, in which the units do not receive separate or individual Solid Waste collection service. Multifamily dwelling does not include any hotel, motel, guesthouse, residential care facility, extended care facility, sorority or fraternity house, school, dormitory, residential service facility, emergency residential shelter, or hospital.

(f) "Occupant" means any person occupying residential or commercial Premises located within the territorial limits of the City of Monterey, or within the limits of an area where the City and/or its Franchisee has agreed to provide Solid Waste disposal services, whether or not the person owns the Premises that he/she occupies.

(g) "Organic Waste" means food waste, green waste, landscape and pruning waste, nonhazardous wood waste and food soiled paper waste that is mixed with food waste.

(h) "Premises" means individual residential Premises or individual commercial Premises, or both.

(i) "Recyclable Materials" means materials that have been separated from the Solid Waste stream prior to disposal and returned for use or reuse in the form of raw materials for new, used or reconstituted products, which meet the quality standard necessary to be used in the market place and that are not landfilled. Recyclable Materials include, but are not limited to, plastic bottles and jars, paper, cardboard, glass, newspaper, and metal containers.

(j) "Solid Waste" means all putrescible and nonputrescible solid, semisolid, and liquid waste, including garbage, trash, refuse, paper, rubbish, yard waste, food scraps, ashes, industrial waste, Construction and Demolition waste, abandoned vehicles and parts thereof, discarded home and industrial appliances, dewatered, treated, or chemically fixed sewage sludge that is not Hazardous Waste, manure, vegetable or animal solid and semisolid waste, and other discarded solid and semisolid waste. This includes any material that has any recyclable content or value.

"Solid waste" does not include any of the following waste:

1. Hazardous Waste, as defined in this Article.
2. Radioactive waste regulated pursuant to the Radiation Control Law (California Health and Safety Code Section 114960, et. seq., as may be amended).
3. Medical waste regulated pursuant to the Medical Waste Management Act (California Health and Safety Code Section 117600 et. seq., as may be amended). Untreated medical waste shall not be disposed of in a Solid Waste container or Solid Waste landfill, as defined in the Public Resources Code Section 40195.1. Medical waste that has been treated and deemed to be Solid Waste shall be regulated in accordance with this Article.
4. Electronic Waste (E-waste) or any unwanted electrical device, including but not limited to televisions, computers, cell phones, radios, printers and speakers.

(k) "Source Separation" means the process of removing Recyclable Materials from Solid Waste at the place of discard generation, prior to collection, into separate containers that are designated for Recyclable Material, Organics and trash.

(l) "Special Event" means any special event, regardless of size, sponsored by any commercial or non-profit organization, group, or individual, which is held within the City of Monterey, and at which food and/or drinks are being provided for public consumption. This definition shall apply whether such food and/or drinks are prepared within or outside of the Monterey City limits.

#### **Sec. 14-1. Service Required; Collection**

(a) The owner or Occupant of each Premises within the City, or the owner of any other Premises upon which Solid Waste may be produced or accumulated, shall obtain and maintain adequate disposal service from the City, its agents, or its Franchisee, and shall be liable for and shall pay the full amount of any and all fees or charges imposed for such services. The owner and Occupant shall be jointly and severally liable for maintenance of, and payment for the disposal services required herein. If a tenant, lessee, or other Occupant fails to initiate or pay for disposal services, it shall be the responsibility of the property owner to initiate and pay for such services.

(b) "Adequate disposal service" shall mean a sufficient number and/or capacity of Solid Waste containers to hold any accumulation of Solid Waste generated on the Premises between times for collection. Collection shall occur on at least a weekly basis, or more frequently if required by the City and/or the Franchisee.

(c) No person shall place any Solid Waste into a Solid Waste container without permission of the owner or tenant of the property on which the container sits.

(d) It shall be unlawful to hire any Solid Waste collection transporter besides the City's Franchisee.

1. Exceptions:

- i. Residents and Businesses may haul their own Solid Waste to a Solid Waste, recycling, or donation facility.
- ii. A Business may haul the Solid Waste it generates as an ancillary service to the primary work provided by the Business, including but not limited to landscaping, gardening, construction, and demolition companies.
- iii. Persons engaged in the Business of destroying or disposing of secret, confidential or sensitive documents may transport and dispose of said documents as part of their services.
- iv. Donations of material, if the collecting agency does not receive monetary compensation.

(e) Residential Solid Waste and recycling containers shall be placed for collection adjacent to the street prior to the scheduled time for pickup. Except when authorized by the City Manager upon a showing of reasonable necessity, no person shall leave any residential container or containers, or any other items for collection on specially designated collection

dates, at the street curb or in any other place on the property visible from the street before 6:00 p.m. on the day prior to the day of pickup, or beyond 7:00 p.m. the day of collection.

(f) Commercial containers shall not be stored on any public right-of-way or property, and shall be screened from public view, except on the day of pickup, and shall be returned to their stored location within two hours of pickup.

(g) Containers for Solid Waste collection shall be placed in such a manner as to be safe and accessible to collection personnel.

(h) No collection shall be made or commence in residential zones by the City, its agents, or Franchisee, before the hour of 6:00 a.m. or after the hour of 5:00 p.m., except on order of the City Manager.

(i) If an Occupant and/or owner of any Premises fail to procure the Solid Waste disposal services required herein or fail to pay for the required services, the City may initiate disposal services at the property and the cost thereof shall constitute a charge against the owner. If the charge or debt for said services has not been satisfied in full within ninety (90) days, the City Manager shall recommend adoption of a resolution by the City Council imposing the debt, including the City's administrative costs, as a lien or special assessment against the property in accordance with the procedures set forth in Article 3 of Chapter 1 of the Monterey City Code.

#### **Sec. 14-1.5. Storage of Solid Waste.**

(a) It shall be unlawful for any person to place, keep or deposit any Solid Waste, or other items for collection, on any street, alley, sidewalk, public way or any public or private property or Premises except in a suitable container for collection, except for those items set out for collection on specially designated collection dates established by Franchisee.

(b) Small amounts of yard waste may, however, be kept in a small pile or as a compost heap out of general public view.

(c) Solid Waste must be maintained in such a manner that it does not create odor, vector, or litter impacts to the community or create a public or private nuisance.

(d) All containers shall be stored out of public view and on the parcel that they are servicing except when placed out for collection.

(e) The Planning Commission shall adopt standards for the construction or renovation of Solid Waste enclosures for commercial and Multifamily dwellings consisting of 5 units or more, which standards shall be required as a condition of any building permit issued by the City.

#### **Sec. 14-2. Solid Waste Containers.**

(a) In General.

1. Unless exempt, Occupants of every Premises shall maintain and utilize sufficient containers provided by the City's Franchisee with close-fitting lids and of sufficient capacity to hold any accumulation of Solid Waste generated between times for collection.

2. Container lids must be closed fully at all times, including when containers are placed out for collection.

3. Extra containers may be provided by Occupants so long as each container does not exceed 32 gallons in capacity and does not exceed seventy (65) pounds when full. The Franchisee may impose additional charges for collecting extra containers.

4. Containers must be maintained in a sanitary condition with lids closed and screened from public view.

(b) Restaurants and Food Facilities.

1. Each restaurant and facility preparing or serving food shall utilize appropriate equipment necessary to store or dispose of all food waste material.

2. All food waste and Solid Waste containing food waste shall be kept in leak-proof and rodent-proof containers and shall be contained so as to minimize odor, insect or vector development by covering with close-fitting lids.

3. All wet solid or food waste must be placed in a sealed plastic bag before being placed in a trash container.

4. All food waste and Solid Waste shall be removed and disposed of in a sanitary manner as frequently as may be necessary to prevent the creation of a public or private nuisance. Waste storage areas of food facilities shall be kept clean and free of litter, uncontained Solid Waste, and vermin, and shall be free from noxious odors.

5. No liquids shall be placed in waste containers. All non-hazardous liquid waste, including any liquid waste resulting from Solid Waste accumulation, storage, or from cleaning of Solid Waste containers in a storage area, must be discharged into the City sewer system.

c) Excluded Items. It shall be unlawful for any person to store, place, keep, or deposit in any Solid Waste or recycling container, or collection of yard waste, any of the following:

1. Dead animals.

2. Cooking oil renderings.

3. Fish and fish parts, except that residential Occupants may dispose of up to ten (10) pounds of fish or fish parts when sealed in a plastic bag.

4. Wearing apparel, bedding, equipment, instruments, utensils or other Solid Waste from any home or other place where any infectious or contagious disease is

present.

5. Medical waste, including pathological specimens (i.e., all tissues, specimens of blood elements, excreta and secretions obtained from patients or laboratory animals) and any substance that may harbor or transmit pathogenic organisms.

6. Hazardous Waste, including household Hazardous Waste and materials including but not limited to motor oil, antifreeze, paints, solvents, and batteries.

7. Liquid waste. All liquid waste shall be drained prior to placing waste in Solid Waste disposal containers.

8. Electronic Waste.

Disposal of such items may be made only in compliance with rules and regulations established by this Article and the California Health and Safety Code.

### **Sec. 14-3. Mandatory Recycling**

(a) All commercial locations and all Multifamily dwellings consisting of more than one unit must have a recycling program.

(b) A recycling program must include the separation of Recyclable Materials from garbage, including but not limited to glass, plastics, cardboard, paper, metals and similar items to those that can be recovered by the City's Franchisee.

(c) A recycling program must also include proper container signage and/or education materials for employees, tenants or other approved users that indicate how to properly separate waste materials.

(d) The goal of the recycling program shall be to divert at least 50% of waste generated on site from being disposed as refuse designated for disposal in a landfill.

(e) If the City's Franchisee is not utilized to meet the requirements of this section, the refuse account owner must provide written certification to the satisfaction of the City Manager that another system is in place for recovery and diversion of waste from the landfill.

### **Sec. 14-3.1. Recovery of Organic Waste**

(a) On and after April 1, 2016, a Business that generates eight (8) cubic yards or more of Organic Waste per week shall arrange for recycling services specifically for Organic Waste.

(b) On and after January 1, 2017, a Business that generates four (4) cubic yards or more of Organic Waste per week shall arrange for recycling services specifically for Organic Waste.

(c) On and after January 1, 2019, a Business that generates four (4) cubic yards or more of Solid Waste per week, shall arrange for recycling services specifically for Organic Waste, unless the Business does not generate Organic Waste.

(d) On or after January 1, 2020, if CalRecycle, a state agency, determines that statewide disposal of Organic Waste has not been reduced to 50 percent of the level of disposal during 2014, a Business that generates two (2) cubic yards or more per week of commercial Solid Waste shall arrange for Organic Waste recycling services, unless the Business does not generate Organic Waste.

(e) Organic Waste recycling may be completed by any one of the following:

1. Subscribe to Organics collection services offered by the Franchisee
2. Recycle or compost Organic Waste for use onsite
3. Self -haul Organic Waste to a permitted location for recycling or composting
4. A landscaper may remove green waste on behalf of a Business if the requirements of Section 14-1 (d)(1)(ii) are met and the Organic material is taken to a permitted recycling or composting facility.

(f) The City may require written certification of adequate recycling practices from any Business owner that chooses an Organics recycling method other than Section 14.3-1 (e)(1).

(g) The City may require written certification from any Business owner that declares that his or her Business does not produce Organic Waste.

#### **Sec. 14-4. Food Providers and Special Events**

(a) Owners or managers of all food providers and Special Events must provide adequate Solid Waste collection service to their employees, contractors, customers and guests.

(b) Owners or managers of food providers and Special Events that are expected to host more than 100 persons (including employees) must supply adequate Solid Waste collection, including appropriate containers, placed in appropriate locations, to make Source Separation of Recyclable Materials and refuse convenient for employees, contractors, customers and guests of the food provider or Special Event. The containers must:

1. Be of adequate size and number based on the Solid Waste quantities reasonably anticipated to be generated at the location.
2. Bear the appropriate signage and be color coded to identify the type of Solid Waste to be deposited, blue for recyclable material and brown/black for refuse, and meet any additional design criteria as determined by the City of Monterey.
3. Be of sufficient quantity for the size of the event and placed in groups of at least two, including a refuse and recycling container, to provide equally convenient access to users.

(c) Owners or managers of food providers and Special Events that are expected to host more than 100 persons must also provide information or training for employees or contractors on how to Source Separate refuse and recyclable material.

(d) All food providers and Special Events shall comply with the Environmentally Acceptable Food Packaging (Chapter 14, Article 3) and Retail Bag Regulations (Chapter 14, Article 4) of the Monterey City Code.

**Sec. 14-5. Unauthorized Collection of Recyclable Material and Other Items for Collection.**

It shall be unlawful for any person, other than the customer, the City or its Franchisee, to remove or take any items placed in Solid Waste containers for collection.

**Sec. 14-6. Collection Charges.**

Rates for collection of Solid Waste shall be established by resolution of the City Council.

(a) Residential service:

1. All regular residential collection charges shall be due and payable tri-annually in advance on the first day of January, May and September of each year. All other charges shall be due and payable at the time collection is made.
2. The charge for any service started during a billing cycle is payable in advance but will be prorated if stopped prior to the end of the paid period. Charges shall become delinquent if not paid within twenty five (25) days of the billing date.
3. Delinquent accounts shall be subject to a penalty of 1.5% per month or \$10.00, whichever is greater. Accounts paid one year in advance shall receive a discount of 10%.

(b) Commercial service.

1. Commercial accounts shall be billed monthly in advance, and shall be due and payable on or before the first day of the billing month prior to which service is provided.
2. Accounts shall become delinquent if not paid within fifteen (15) days of the time payment is due. Delinquent accounts shall be subject to a penalty of 1.5% per month or \$10.00, whichever is greater.

**Sec. 14-7. Suspension of Service.**

(a) The owner or Occupant of any Premises not producing or accumulating Solid Waste may request in writing from the City Manager a temporary suspension of service.



(b) The City Manager may grant such suspension of service upon a showing that the services are not necessary.

(c) The City Manager shall cause periodic inspections of Premises with suspended service, and if it is found that Solid Waste is present or service needed, regular Solid Waste collection shall be resumed immediately.

#### **Sec. 14-8. Enforcement and Penalties**

(a) Penalty. Violation of any of the provisions of this Article shall be punishable by any criminal, civil, or administrative means as set forth in City Code section 1.7.

(b) Notwithstanding any other legal remedy, violation of any of the provisions of this Article shall constitute a public nuisance and shall be subject to abatement, injunction or other civil remedy as appropriate.

**SECTION 3:** All ordinances and parts of ordinances in conflict herewith are hereby repealed.

**SECTION 4:** This ordinance shall be in full force and effect thirty (30) days from and after its final passage and adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

\_\_\_\_\_  
Mayor of said City

\_\_\_\_\_  
City Clerk thereof



Received

JUN 11 2015

City Clerk's Office

June 10, 2015

Mayor Clyde Roberson  
City of Monterey  
580 Pacific Street  
Monterey, CA

RE: Amendments to Chapter 14

Dear Mayor Roberson and Members of the City Council:

The Monterey County Hospitality Association requests that the Council continue this matter from its June 16<sup>th</sup> agenda so that we can meet with the staff and discuss the proposed amendments and the potential operational issues that the amendments may bring. Our Government Affairs Committee met June 4<sup>th</sup> and discussed some of our concerns with Mr. Rerig. The GAC has formed a subcommittee to meet with the staff and discuss the practical implications of the proposed amendments.

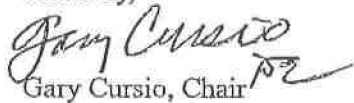
MCHA supports the concept of increased efforts to divert the waste stream and recognizes that State mandates require some amendments to the City Code. We do see some issues that need to be discussed, such as:

- Storage requirements for the additional bins;
- Ability of waste haulers to remove waste in a timely manner so as to not cause odor, rodent and bird problems;
- Triggers where applying for simple, routine permits could be cause for significant other improvements to a facility; and,
- Overall cost of implementation.

MCHA believes the issues are something that can be resolved by working with the staff but more time is needed to allow that to happen.

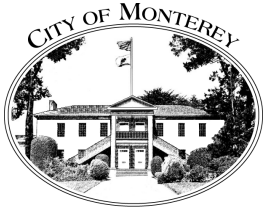
Thank you.

Sincerely,



Gary Cursio, Chair

Monterey County Hospitality Association



## Council Agenda Report

Date: June 16, 2015

Item No: 8.

**FROM:** Dino Pick, Deputy City Manager Plans and Public Works  
Prepared By: Norm Green, Associate Engineering Surveyor

**SUBJECT:** Authorize the City Manager or Designee to Enter into a Contract to Purchase an Easement for Sewer Purposes over a Portion of the Land at 812 Belden Street and for the Mayor to Sign the Certificate Accepting the Easement

### **RECOMMENDATION:**

That the City Council adopt the attached resolution authorizing the City Manager or designee to enter into a contract to purchase an easement for sewer purposes over a portion of the land at 812 Belden Street and for the Mayor to sign the certificate accepting the easement.

### **POLICY IMPLICATIONS:**

The easement is required to maintain and repair an existing City sewer line. Maintaining City sewer lines is consistent with the City Council strategic initiative to “update the storm drain utility, sanitary sewer and pavement maintenance needs, and financing mechanism,” which supports the City Council Value Driver: “Working to improve the quality of life of our residents.”

### **FISCAL IMPLICATIONS:**

The fiscal implications include the cost to purchase the easement. The cost of the sewer easement is \$3,000.00 and the cost of the title services is approximately an additional \$1,650.00. The source of the funding for the easement purchase and title services is CIP project No. 33C1314, “Sewer Repairs & Acquire Easements,” approved in fiscal year 2012/2013. There are sufficient funds in the project account to acquire the easement.

### **ENVIRONMENTAL DETERMINATION:**

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 (“CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

## **ALTERNATIVES CONSIDERED:**

The City Council could choose not to acquire the easements. The land would remain under private ownership. This is not recommended as it would impair the City's ability to maintain and repair the sewer line.

## **DISCUSSION:**

The "Sewer Repairs & Acquire Easements," CIP project No. 33C1314, was approved as part of the Capital Improvement Program for Fiscal Year 2012/2013. The project includes obtaining "recorded easements for sewer segments that cross private property."

The City of Monterey owns the public sanitary sewer lines within the City. The sewer lines were constructed at various times. The sewer line lying within the property at 812 Belden Street was constructed by the City in approximately 1910. City staff, assisted by Old Republic Title Company, researched the County records and could not find a recorded easement over the above mentioned property to accommodate the City sewer line. The City needs to acquire the easement for the sewer line so that the right to maintain and repair the public sewer line is assured.

The proposed easement is located on a parcel at 812 Belden Street (APN 001-082-016) owned by Sandra Cass Carnazzo as shown on Attachment 2.

The easement is to be acquired in accordance with California Eminent Domain Law as set out in Title 7 of the Code of Civil Procedure commencing at Section 1230.010 through 1273.050. The steps taken to acquire the easements are generally summarized as follows: the City retained a Certified Appraiser, Stephen Brown Associates, Inc., to determine the value and establish the amount of the just compensation for the easement. Stephen Brown Associates, Inc. was selected based on qualifications from a Request for Proposal (RFP) and staff made a conditional offer to purchase the easement in accordance with Section 7267.2(a) of the Government Code.

The original offer as "just compensation" was determined by the appraisal done by Stephen Brown Associates at \$1,800.00. Ms. Carnazzo presented an argument to staff that the value of the easement was greater than \$1,800.00 due to potential risk to landscaping, loss of use by tenants and impediment to renting the units located on the property. City staff agreed to a negotiated value of \$3,000.00 as just compensation for the easement subject to approval by the City Council.

Ms. Carnazzo has agreed to the \$3,000.00 negotiated value and has executed the contract of acquisition, subject to City Council approval, for the purchase of the easement.

Deeds conveying an interest in real property, such as an easement, cannot be recorded without a certificate or resolution of acceptance by the City Council. (Government Code §27281) Accepting the sewer easements will not place any additional burden on the City. The easement will run with the land and allow the City to access the sewer to conduct future maintenance regardless of who owns the underlying fee title to the land.

NSG:mb

Attachments:        1.    Resolution  
                             2.    Plat map

e:       Sandra Cass Carnazzo  
         Sharon Dwight, New Monterey Neighborhood Association

**RESOLUTION NO. \_\_\_\_ - \_\_\_\_ C.S.**

Date: June 16, 2015

Item No: 8.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**AUTHORIZE THE CITY MANAGER OR DESIGNEE TO ENTER INTO A CONTRACT TO PURCHASE AN EASEMENT FOR SEWER PURPOSES OVER A PORTION OF THE LAND AT 812 BELDEN STREET, AND FOR THE MAYOR TO SIGN THE CERTIFICATE ACCEPTING THE EASEMENT**

WHEREAS, the City owns and maintains certain sewer lines that are located within private property;

WHEREAS, the maintenance and operation of said sewer lines requires public easements over the private property;

WHEREAS, the City through negotiation with the property owner has determined the value of just compensation for the easement within 812 Belden Street to be \$3,000.00;

WHEREAS, staff has made an offer, subject to City Council approval, to the property owner in the amount of the just compensation;

WHEREAS, the property owner has agreed to the offer and executed a contract, subject to City Council approval, for the purchase of the easement; and

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby authorizes the City Manager or its designee to enter into a contract to purchase the easement for sewer purposes over the property at 812 Belden Street (APN 001-082-016) and for the Mayor to sign the Certificate accepting the easement.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by the following vote:

AYES: COUNCILMEMBERS:  
NOES: COUNCILMEMBERS:  
ABSENT: COUNCILMEMBERS:  
ABSTAIN: COUNCILMEMBERS:

APPROVED:

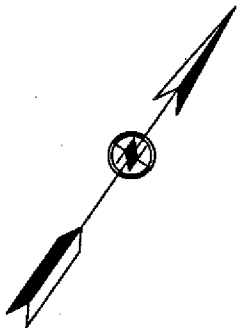
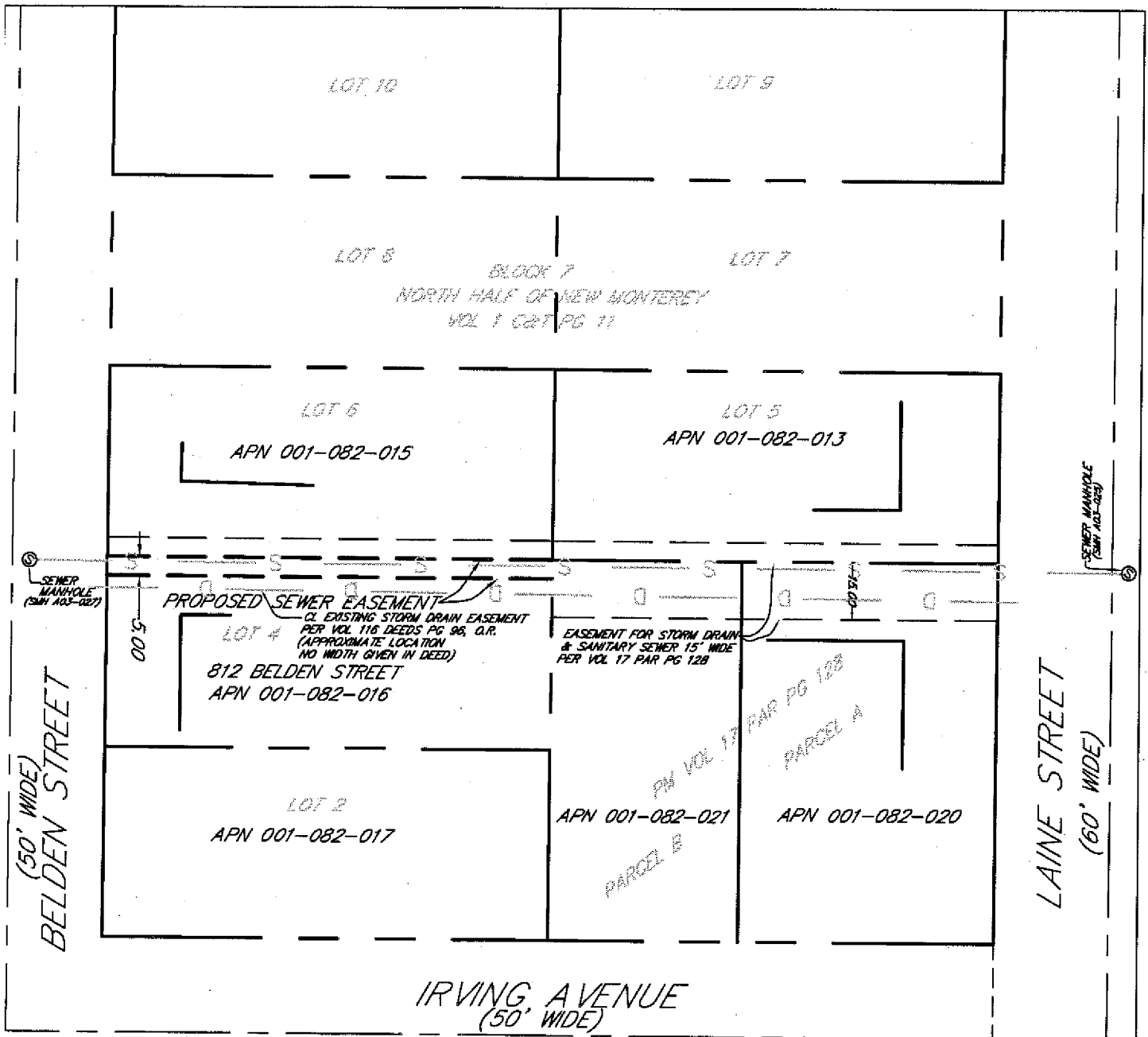
ATTEST:

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Mayor of said City

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City Clerk thereof



CITY OF MONTEREY DEPARTMENT OF PLANS & PUBLIC WORKS			
DRAWN:			
NSG			
SCALE:			
1"=40'			
DATE:	APPROVED		
9-23-14	CITY ENGINEER	REGIST. No.	DATE







## Council Agenda Report

Date: June 16, 2015

Item No: 9.

**FROM:** Michael McCarthy, City Manager  
Prepared by: Jimmy Forbis, Finance Director

**SUBJECT:** Authorize the Finance Director and MuniServices, LLC to Examine Confidential Transaction and Use (Sales) Tax Records (Measure P), and Amend Agreement with MuniServices, LLC

### **RECOMMENDATION:**

1. That the City Council authorize the Finance Director, or other officer or employee of the City designated in writing by the Finance Director to the State Board of Equalization (Board), and MuniServices, LLC, to examine confidential transactions and use (sales) tax records of the Board.
2. Authorize the City Manager to amend the agreement with MuniServices, LLC to include the examination of confidential sales tax (Measure P) Board records.

### **POLICY IMPLICATIONS:**

Revenue and Taxation Code section 7056 restricts the release of confidential sales tax records to officers or employees of local jurisdictions who are designated by resolution, or a letter of designation if the resolution grants that authority, and to authorized consultants.

Examination of the City's sales and transactions and use tax collection records supports the Council-adopted value driver of:

*"Ensuring a level of economic vitality sufficient to support our quality of life and municipal infrastructure requirements (both physical and human)."*

### **FISCAL IMPLICATIONS:**

Authorizing the Finance Director, or designee, to examine sales tax records, and amending the agreement with MuniServices allows for tax data analysis which includes identifying delinquencies that are then reported to the Board for enforcement. This process ensures that the City receives its appropriate share of tax revenue.

### **ENVIRONMENTAL DETERMINATION:**

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant

to CEQA Guidelines Section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary street infrastructure rehabilitation projects that may be funded using sales tax revenue received from the referenced special transactions and use tax resulting from this action will be assessed for CEQA applicability.

Lastly, CEQA Guidelines Section 15378 (b) (4) specifically states that the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project as 'not a project.'

#### **ALTERNATIVES CONSIDERED:**

No alternatives are recommended because without this authorization, the City will not be able to identify tax delinquencies, track economic development, and perform other budget related functions such as forecasting.

#### **DISCUSSION:**

In November 2014, Measure P was approved by the voters of Monterey and it authorized a one-cent per dollar special sales tax dedicated to address significant deferred maintenance by fixing streets, sidewalks, and potholes; improving related access and safety for senior citizens, disabled residents, and others, and repairing the 100-year-old storm drain system. Revenue from Measure P started to be collected on April 1, 2015 and construction projects have launched.

Adoption of the resolution is required by the Board for designated staff and consultants to view otherwise confidential sales tax information held by the Board. This confidential information is necessary for staff's review of the records for accuracy, and to perform other budget related functions. When a consultant is used to review the sales tax records, the City is also required to designate the consultant company, in addition to an authorized employee(s), in order for the company to receive and review the confidential information.

Since 1995, the City has contracted with MuniServices, LLC (formerly Municipal Resource Consultants and MBIA MuniServices) to examine, analyze, and report on the City's sales tax records.

The Board has determined that because the City's agreement with MuniServices only refers to "sales and use taxes" and does not specifically mention "transaction and use tax," and since the City's special sales tax was enacted after the date of the agreement, the agreement language should be amended. The City is required to provide a copy of the executed contract with MuniServices to the Board.

Attachment:

1. Resolution

**RESOLUTION NO. \_\_\_\_ - \_\_\_\_ C.S.**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**AUTHORIZING THE EXAMINATION OF TRANSACTIONS (SALES) AND USE TAX RECORDS AND AMENDING THE AGREEMENT WITH MUNISERVICES, LLC.**

WHEREAS, pursuant to Ordinance No. 3504 C.S. of the City Monterey (hereinafter referred to as "City") entered into a contract with the State Board of Equalization (hereinafter referred to as "Board") to perform all functions incident to the administration and operation of the Transactions and Use Tax Ordinance; and

WHEREAS, the City deems it desirable and necessary for authorized representatives of the City to examine confidential transactions and use tax records of the Board pertaining to transactions and use taxes collected by the Board for the City pursuant to that contract; and

WHEREAS, Section 7056 of the Revenue and Taxation Code sets forth certain requirements and conditions for the disclosure of Board records and establishes criminal penalties for the unlawful disclosure of information contained in or derived from, the transactions and use tax records of the Board;

WHEREAS, Section 7056 of the Revenue and Taxation Code requires that any consultant or firm designated by City shall have an existing contract to examine the City's transactions and use tax records.

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE COUNCIL OF THE CITY OF MONTEREY AS FOLLOWS:

1. That the Finance Director or other officer or employee of the City designated in writing by the Finance Director to the Board is hereby appointed to represent the City with authority to examine transactions and use tax records of the Board pertaining to transactions and use taxes collected for the City by the Board pursuant to the contract between the City and the Board. The information obtained by examination of Board records shall be used only for purposes related to the collection of the City's transactions and use taxes by the Board pursuant to the contract.

2. That the Finance Director or other officer or employee of the City designated in writing by the Finance Director to the Board is hereby appointed to represent the City with authority to examine those transactions and use tax records of the Board for purposes related to the following governmental functions of the City:

- a) tracking and economic development
- b) forecasting and budget-related functions

The information obtained by examination of Board records shall be used only for those governmental functions of the City listed above.

3. That MuniServices, LLC is hereby designated to examine the transactions and use tax records of the Board pertaining to transactions and use taxes collected for the City by the Board. The entity designated by this section meets all of the following conditions:

- a) has an existing contract with the City to examine those transactions and use tax records;
- b) is required by that contract to disclose information contained in, or derived from those transactions and use tax records only to the officer or employee authorized under Section 1 and Section 2 of this resolution to examine the information;
- c) is prohibited by that contract from performing consulting services for a retailer during the term of that contract;
- d) is prohibited by that contract from retaining the information contained in, or derived from those transactions and use tax records after that contract has expired.

**BE IT FURTHER RESOLVED** that the information obtained by examination of Board records shall be used only for purposes related to the collection of City's transactions and use taxes by the Board pursuant to the contracts between the City and Board.

4. That the City Manager is authorized to amend the current agreement with MuniServices, LLC to include the examination of the City of Monterey Special Transactions and Use Tax (also known as Measure P).

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_ day of \_\_\_\_\_, 201\_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

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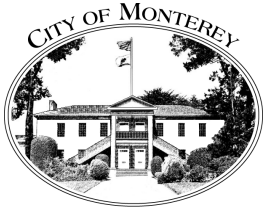
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Mayor of said City

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City Clerk thereof





## Council Agenda Report

Date: June 16, 2015

Item No: 10.

**FROM:** Dino Pick, Deputy City Manager, Plans and Public Works  
Prepared By: Robert Reid, City Forester

**SUBJECT:** Award a Contract for On Call Tree Maintenance Service

### RECOMMENDATION:

That the City Council adopt a resolution awarding a contract to West Coast Arborists for on-call tree maintenance services for a one-year period beginning July 1, 2015, with the option of four one-year renewals.

### POLICY IMPLICATIONS:

The contract is consistent with the ongoing tree maintenance program within the City.

### FISCAL IMPLICATIONS:

On May 26, 2015, four bids were opened for this contract:

CONTRACTOR	TOTAL HOURLY RATE BID AMOUNT
West Coast Arborists	\$873.00
Community Tree Service	Nonresponsive
Davey Tree Expert Company	\$1,537.25
Tope's Tree Service, Inc.	\$1,170.00

Funds for contract tree maintenance are available in the Forestry Budget, the Navy Services Fund, and from the Presidio of Monterey Subcontractor Budget. They are expended on a job-by-job basis.

### ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

**ALTERNATIVES CONSIDERED:**

The Council could choose not to approve this request. Staff recommends against this alternative because contracting for tree maintenance services will allow the Parks Division to continue to maintain a reasonable level of tree maintenance in the City.

**DISCUSSION:**

For the past 20 years, the Forestry section has administered an on-call contract for tree maintenance. This contract has been extremely successful in providing extensive tree maintenance within the City, the Presidio of Monterey, and the Naval Postgraduate School. The contractor has been able to provide varying crew sizes and a variety of large equipment as required.

The on-call concept has definitely increased our efficiency and response time. We will continue to work with smaller local contractors on less extensive jobs including stump grinding and greenbelt maintenance. We also contact local contractors for emergency work, and we refer members of the public to our list of licensed local contractors. The open-end contractor does not contract for private work locally.

To simplify the bidding process, contractors were asked to provide a single total hourly rate for the sum of all required items including labor, equipment, ancillary costs, etc., for one work hour.

For example, the City required bid information for 26 items ranging from an irrigation water truck to a Certified Crane Operator. The accumulated costs of all 26 items created the total costs for one hour with West Coast Arborist bidding at \$873.

On a daily basis, the City usually needs two Utility Line Clearance Tree Trimmers, three Tree Maintenance Workers, a 60 foot Aerial Lift Truck, a Brush/Chipper Truck, and a Brush Chipper. These five personnel and three pieces of equipment will cost \$345.00 per hour and \$2,760.00 for the eight hour work day.

The selected tree contractor has been working for the City in previous years. The assigned staff is very familiar with our City's arboretum and has been also very reliable in their responses during emergency call-outs caused by winter storms or other circumstances. Staff recommends to award the contract to West Coast Arborists.

RGR/SWDM/bls

Attachments: 1. Resolution

c: Mr. Patrick O. Mahoney, President, West Coast Arborists, Inc., 2200 East Via Burton Street, Anaheim, CA 92806



**RESOLUTION NO. \_\_\_\_ - \_\_\_\_ C.S.**

Date: June 16, 2015

Item No: 10.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**AWARD A CONTRACT FOR ON-CALL TREE MAINTENANCE SERVICE**

WHEREAS, on the 26<sup>th</sup> day of May 2015, at 2:00 p.m. in the City of Monterey Council Chambers, the City Finance Director's designee received four (4) bids for the On-Call Tree Maintenance contract, with one of those bids being non-responsive;

WHEREAS, of the three responsive bids received for the project, West Coast Arborists is the lowest responsive, responsible bidder with its total bid amount of \$873.00;

WHEREAS, funds for contract tree maintenance are expended on a job-by-job basis, and funds are available in the Forestry Budget (101-310-3230-0000-4220), from the Naval Postgraduate School (655-310-3230-0000-4220), and from the Presidio of Monterey (650-310-3157-0000-4220); and

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby authorizes the City Manager, or his designee, to execute the contract for On-Call Tree Maintenance to West Coast Arborists and all other proposals or bids are hereby rejected.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_ day of \_\_\_\_\_, 2015, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

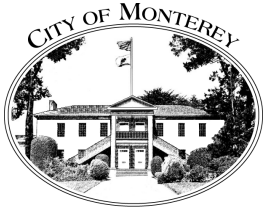
ATTEST:

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Mayor of said City

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City Clerk thereof



## Council Agenda Report

Date: June 16, 2015

Item No: 11.

**FROM:** Dino Pick, Deputy City Manager of Plans and Public Works  
Prepared By: Kimberly Cole, AICP, Principal Planner

**SUBJECT:** Providing Comments on the Draft Environmental Impact Report for the Cal Am Monterey Peninsula Water Supply Project

### **RECOMMENDATION:**

That the City Council adopt a Resolution providing comments on the Draft Environmental Impact Report (DEIR) for the CalAm Monterey Peninsula Water Supply Project.

### **POLICY IMPLICATIONS:**

An environmental impact report has been prepared to evaluate the possible environmental impacts from the CalAm Monterey Peninsula Water Supply Project. This is an opportunity for the City to comment on the draft environmental document.

### **FISCAL IMPLICATIONS:**

None

### **ENVIRONMENTAL DETERMINATION:**

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

### **ALTERNATIVES CONSIDERED:**

The City Council could provide additional comments on the DEIR.

## **DISCUSSION:**

### **Background:**

Environmental impact reports have been distributed for two water supply projects (Pure Water Monterey Groundwater Replenishment Project and CalAm Monterey Peninsula Water Supply Project). On June 2, 2015, the City Council reviewed and provided comments the first EIR for the Pure Water Monterey Groundwater Replenishment Project. Today, the Council will be providing comments on the second project – CalAm Monterey Peninsula Water Supply Project. The environmental documents are being circulated separately and are subject to distinct deadlines. Interestingly, one of the alternatives evaluated in the CalAm project considers obtaining some water from the groundwater replenishment project (Refer to Project Description Below).

### **Project Description:**

The Monterey Peninsula Water Supply Project (MPWSP) includes a 9.6 million gallon per day (mgd) desalination plant and facility improvements to the existing Seaside Groundwater Basin Aquifer Storage and Recovery (ASR) system to secure water supplies for the approximately 40,000 customers in CalAm's Monterey District service area. As an alternative to the 9.6-mgd desalination plant, CalAm's application also includes a 6.4-mgd desalination plant coupled with a water purchase agreement for 3,500 acre feet per year (afy) of product water from the Monterey Regional Water Pollution Control Agency's (MRWPCA) proposed Pure Water Monterey Groundwater Replenishment Project. The MRWPCA has prepared a separate EIR for the Pure Water Monterey Groundwater Replenishment Project that was reviewed by the City Council on June 2, 2015.

The primary purpose of the MPWSP is to replace existing water supplies that have been constrained by legal decisions affecting the Carmel River and Seaside Groundwater Basin water resources. State Water Resources Control Board (SWRCB) Order 95-10 requires CalAm to reduce surface water diversions from the Carmel River in excess of its legal entitlement of 3,376 acre-feet per year (afy), and SWRCB Order 2009-0060 ("Cease and Desist Order") requires CalAm to develop replacement supplies for the Monterey District service area by December 2016. In 2006, the Monterey County Superior Court adjudicated the Seaside Groundwater Basin, effectively reducing CalAm's yield from the Seaside Groundwater Basin from approximately 4,000 afy to 1,474 afy.

The proposed MPWSP would be comprised of the following facilities:

- A seawater intake system consisting of ten 750-foot-long subsurface slant wells extending offshore into the Monterey Bay, and appurtenant facilities. The preferred site for the subsurface slant wells is a 376-acre coastal property located north of the city of Marina and immediately west of the CEMEX active mining area. New pipelines would convey the seawater (or "source water") from the slant wells to the MPWSP desalination plant.
- A 9.6 million gallon per day desalination plant and appurtenant facilities on a 46-acre vacant parcel near Charles Benson Road, northwest of the Monterey Regional Water Pollution Control Agency's (MRWPCA) Regional Wastewater Treatment Plant and the Monterey Regional Environmental Park. Facilities proposed at the MPWSP desalination plant include pretreatment, reverse osmosis, and post-treatment systems;

chemical feed and storage facilities; a brine storage basin; and an administrative building. Brine produced during the desalination process would be conveyed to an existing MRWPCA ocean outfall and discharged to the Monterey Bay. Approximately 9,700 afy of potable water supplies would be produced by the proposed desalination facilities.

- Up to 28 miles of desalinated water conveyance pipeline and mains, and associated facilities including pump stations, clearwells, and a terminal reservoir.
- Improvements to the existing Seaside Groundwater Basin ASR system, including two additional injection/extraction wells, a pump station, and associated pipelines.

As an alternative to the 9.6-mgd desalination plant, CalAm's application also includes a 6.4-mgd desalination plant coupled with a water purchase agreement for 3,500 afy of product water from the MRWPCA's proposed Pure Water Monterey Groundwater Replenishment Project.

Staff has reviewed the DEIR and recommends the document be expanded to discuss required City permits and coordination regarding construction impacts. Specifically, the project will require permits for the portions of the project in the City of Monterey. The City also has substantial infrastructure construction planned and schedules need to be coordinated.

In conclusion, staff recommends that the City Council adopt a Resolution providing comments on the Draft Environmental Impact Report for the Cal Am Monterey Peninsula Water Supply Project.

Attachments: 1. Resolution Providing Comments on the Draft Environmental Impact Report for the Cal Am Monterey Peninsula Water Supply Project

e: All Neighborhood Associations  
All Business Associations

**RESOLUTION NO. \_\_\_\_ - \_\_\_\_ C.S.**

Date: June 16, 2015

Item No: 11.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**PROVIDING COMMENTS ON THE DRAFT ENVIRONMENTAL IMPACT REPORT FOR THE  
CAL AM MONTEREY PENINSULA WATER SUPPLY PROJECT**

WHEREAS, a Draft Environmental Impact Report (DEIR) for the Cal Am Monterey Peninsula Water Supply Project has been prepared;

WHEREAS, the City has reviewed the DEIR and has prepared a letter outlining some questions regarding the project;

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby provides comments on the Draft Environmental Impact Report for the Cal Am Monterey Peninsula Water Supply Project as shown in Exhibit A.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_ day of \_\_\_\_\_ 2015, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

\_\_\_\_\_  
Mayor of said City

\_\_\_\_\_  
City Clerk thereof

June 17, 2015

Mr. Andrew Barnsdale  
California Public Utilities Commission  
c/o Environmental Science Associates  
550 Kearny Street, Suite 800  
San Francisco, CA 94108

Dear Mr. Barnsdale,

The City of Monterey has reviewed the Draft Environmental Impact Report for the Cal Am Monterey Peninsula Water Supply Project. Thank you for all your work on this important project for the Monterey Peninsula. The City of Monterey supports this project with the alternative that includes the Pure Water Monterey Groundwater Replenishment Project.

The proposed project is a key to helping resolve the peninsula's water supply issues. The City offers the following comments on the DEIR:

1. The 36-inch pipeline will impact City infrastructure and require possible relocation of storm drain and sewer lines. Be advised that significant portions of the City's sewer system have exceeded their design life and some portions are in excess of 100 years old. Great care will be needed in the vicinity of these pipelines. These potentially conflicting pipeline design and relocation issues need to be coordinated with the City.
2. The City of Monterey Public Works Encroachment Permit and/or design coordination issues that are of concern to the City relative to construction of the proposed 36-inch pipeline include, but are not limited to, the following:
  - Construction hours of work
  - Temporary and/or any permanent parking impacts
  - Staging areas and equipment/material storage areas
  - Haul roads
  - Dewatering methods and discharge plans
  - Vehicles, pedestrian and bicycle detours, including ADA-accessible paths of travel during and post construction
  - Locations of above-ground water pipeline blow-offs and air release/air vacuum valves
  - Locations of any above-ground and/or surface-accessed pressure reducing valve vaults, cathodic protection facilities, and/or other vaults
  - Compliance with all storm water regulations in effect at the time of permit issuance

All Permit conditions shall be subject to approval of the City's Building Official. All design coordination issues shall be subject to approval of the City Engineer.

3. The Monterey Pipeline alignment shown in Figure 3-9 along Del Monte Boulevard and Franklin appears to be described in the DEIR as the preferred alignment. An alignment (along Mark Thomas Drive, Fairground Road, and Fremont Street) is described as an alternative. This alternative alignment appears to match the alignment shown in the 2014 plans available on the GWR Project Website. Please provide updated alignment figures in the EIR and address all impacts associated with the proposed pipeline alignment. Suggest

that these alignments be reversed in the DEIR, such that the proposed alignment is shown in the body of the DEIR as preferred, and the outdated alignment is included as an alternative alignment that was considered.

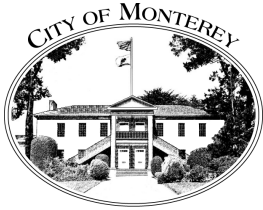
4. Figure 3-10 identifies the location of the “Ryan Ranch-Bishop Interconnection Improvements (Proposed)” within the City limits. The precise alignment and impacts do not appear to have been addressed in the DEIR.
5. The preliminary plans, prepared by URS and dated May 2, 2014, identify that the proposed pipeline will be installed in a bridge at the Mark Thomas/Highway 68 intersection, and that the pipeline will be installed via jacking and boring below Route 218/Fremont. However, it appears that the remainder of the alignment across the City of Monterey will be via open cut trenching. The following locations should be considered for jacking and boring as well:
  - The Hartnell Gulch crossing
  - Intersection of Munras Avenue/Webster Street
  - Intersection of Fremont Street and Camino El Estero
  - Below Highway 1 bridge along Camino Aguajito between Glenwood Circle and Mark Thomas Drive
  - Intersection of Fremont Street and Dela Vina Avenue
  - Intersection of Fremont Street and Ramona Avenue
  - Intersection of Fremont Street and Casanova Avenue
  - Other signalized intersections as appropriate
6. Please include the location, number, and types of street trees that will be removed as part of construction and an appropriate mitigation measure for re-planting.
7. The Traffic and Transportation mitigation includes a requirement for a Traffic Control and Safety Assurance Plan which is required to be coordinated with local agencies. The City of Monterey has major detours planned for the Highway 1/68 Roundabout project and a major Sewer Rehabilitation project in the City of Monterey. The construction management schedule will need to be carefully coordinated with the City of Monterey to ensure adequate circulation during the construction period.
8. A major new pipeline will cause significant disturbance to existing paved areas (streets, sidewalks, curbs and gutters, driveways, curb ramps, etc.). The City will require that all surfaces be restored to existing conditions following current City standards, including ADA requirements. Asphalt pavement will need to be restored such that full travel lanes will be resurfaced without seams along wheel or bike paths.
9. Please coordinate with the military installations in the City of Monterey.

Thank you for this opportunity to comment on the DEIR for the Cal Am Monterey Peninsula Water Supply Project.

Sincerely,

Clyde Roberson  
Mayor





## Council Agenda Report

Date: June 16, 2015

Item No: 12.

**FROM:** City Manager Mike McCarthy  
Prepared By: Communications Manager Anne McGrath

**SUBJECT:** Approve a Partial Fee Waiver for the 71<sup>st</sup> Annual Portuguese Hall Parade

### **RECOMMENDATION:**

That the City Council adopt a resolution approving a partial fee waiver for the Portuguese Hall Parade on July 12, 2015.

### **POLICY IMPLICATIONS:**

This action aligns with the City Council's value drivers to "appropriately preserve, promote and maintain our historic, cultural and environmental assets," and "working to improve the quality of life of our residents."

### **FISCAL IMPLICATIONS:**

A partial fee waiver means that the City will not recover full costs associated with the parade.

### **ENVIRONMENTAL DETERMINATION:**

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

### **ALTERNATIVES CONSIDERED:**

The Council could choose to not grant a partial fee waiver. This is not recommended because it would potentially double the cost of the parade for organizers.

**DISCUSSION:**

The non-profit Portuguese Hall of Monterey has held Annual Parade for the past 70 years in Monterey. The event brings 500-700 people from across California to downtown Monterey.

This year, parade organizers have requested a return to the former parade route, which would begin at Custom House Plaza and conclude at San Carlos Church. Due to changes in liability laws, this route now requires closing all of the streets along the route, which increases the costs for police to the close streets, and for streets to provide additional traffic control devices, such as road closure barricades.

The route change could double the cost of the parade for organizers from \$3,500 to an estimated \$7,000. Staff met with organizers and agreed to work to keep costs down as much as possible. In the attached letter, organizers ask the City to consider waiving some of the costs to keep costs close to last year's billing from the City.

Staff recommends approving this request for the July 12, 2015 parade while guidelines for a City grant program to help defray event costs for non-profit groups is being developed. A proposed grant program is expected to come before Council this summer, but will not be in place prior to the Portuguese Hall parade. Staff has informed organizers of the expected grant program for next year's parade and suggests they be added to a list of organizations would be notified about the grant program.

Attachments: 1. Resolution  
2. Letter from Portuguese Hall of Monterey

cc: Lt. Jeff Jackson  
Andrea Renny  
Kim Bui-Burton  
Cindy Vierra  
Bret Johnson  
  
Charles DaSilva  
950 Casanova Avenue  
Monterey, CA 93940

**RESOLUTION NO. \_\_\_\_ - \_\_\_\_ C.S.**

Date: June 16, 2015

Item No: 12.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**APPROVING A PARTIAL FEE WAIVER FOR THE 2015 PORTUGUESE HALL PARADE IN MONTEREY**

WHEREAS, the non-profit Portuguese Hall of Monterey has held its Annual Parade in Monterey for 70 years;

WHEREAS, the parade attracts 500-700 people from across California to Monterey each year;

WHEREAS, changes in the parade route and liability laws require full closures of all streets along the route, which could double the cost from \$3,500 to as much as \$7,000;

WHEREAS, organizers of the parade have requested a partial fee waiver to defray some of the City costs associated with the event;

WHEREAS, The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby approves a waiver of costs associated with the Portuguese Hall Parade for July 12, 2015 to keep costs in line with last year's event:

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_ day of \_\_\_\_\_, 201\_\_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

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Mayor of said City

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City Clerk thereof



## F.D.E.S. OF MONTEREY

Festa do Divino Espírito Santo

950 Casanova Avenue • Monterey, CA 93940

831-372-1913 • [www.fdesmonterey.org](http://www.fdesmonterey.org)

June 2, 2015

City Council members  
Mike McCarthy, City Manager  
Monterey City Hall  
580 Pacific Street  
Monterey, CA 93940

Hello,

We plan to present our annual Portuguese parade on the morning of July 12 this year. Our nonprofit organization has held our annual parade in downtown Monterey since 1944. The Portuguese population in our community is aging, our numbers are dwindling, and we are working hard to keep our cultural traditions alive—traditions that are woven together with the greater culture and history of Monterey.

Each year for our two-day festa we bring in 4–5,000 people from towns all over California. These visitors look forward all year long to spending a weekend in Monterey, and while they are here they buy gas, eat in restaurants, stay in hotels or RV parks, and patronize local stores. In addition, the beautifully costumed queens and side maids that travel from other cities and the Portuguese marching bands that participate make for fascinating entertainment for any tourists or locals who happen to be downtown on that Sunday morning.

We understand that costs are rising for the city to facilitate events like ours, and we so appreciate your working with us to find solutions that will make the process more efficient and cost-effective for everyone. In view of our long local history, may we request a reduction in the fees you'll charge us for this year's parade?

Thank you for your consideration, and for your cooperation over the past 71 years.

Most sincerely,

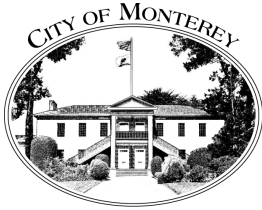


Charles DaSilva  
Parade Marshal  
FDES Monterey



Tessa Avila  
Secretary  
FDES Monterey





## Council Agenda Report

Date: June 16, 2015

Item No: 13.

**FROM:** Hans Uslar, Assistant City Manager  
Prepared By: Maryn Miller, Administrative Assistant II

**SUBJECT:** Authorize Amendment to Employment Contract with Joanne Narloch for Interim Human Resources Director Services

### **RECOMMENDATION:**

That the City Council adopt a resolution to amend the Employment Contract with Joanne Narloch for Interim Human Resources Director Services

### **POLICY IMPLICATIONS:**

The City is committed to supporting staffing decisions that ensure economic sustainability and best management of the City.

### **FISCAL IMPLICATIONS:**

The proposed action will result in extending the employment contract of the Interim Human Resources Director at Step 5 of the salary schedule which, at the published semi-monthly rate equals \$6,473.00 for an actual hourly rate of \$74.69. The employee will not work more than 36 hours weekly. The City will not pay benefits for this position, but Federal regulations require that the City contribute 3.75% of the employee's salary to an IRS 457 deferred compensation account. The employee will also be reimbursed \$494.45 per week for expenses to include per diem, lodging, and mileage. Total costs for this contract position will be approximately \$32,000.00. This position will be funded with savings from vacancies within the department. No budget adjustment is required.

### **ENVIRONMENTAL DETERMINATION:**

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

**ALTERNATIVES CONSIDERED:**

Council could elect not to extend the employment contract with Ms. Narloch. This is not recommended as that would leave the Human Resources Department short-staffed, and unable to meet the needs of the organization.

**DISCUSSION:**

On April 7, 2015 the City Council approved a contract with Interim Human Resources Director Joanne Narloch. This contract has an end date of June 30<sup>th</sup>, 2015.

Staff is requesting an extension of this contract until a permanent Human Resources Director has been hired. Approving the recommendation allows the City to continue to benefit from an experienced Human Resources professional while our recruitment for the regular full-time Human Resources Director position is presently underway.

Staff recommends this extension of the contract for another six months through December 31, 2015. This approval will ensure that the Human Resources Department will continue to meet the needs of the organization during this transition period.

HU/mcm

Attachments: 1. Draft Resolution



**RESOLUTION NO. \_\_\_\_ - \_\_\_\_ C.S.**

Date: June 16, 2015

Item No: 13.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**AUTHORIZE AMENDMENT TO EMPLOYMENT CONTRACT WITH JOANNE NARLOCH FOR INTERIM HUMAN RESOURCES DIRECTOR SERVICES**

WHEREAS, on April 7, 2015 the City Council approved a contract with Joanne Narloch to serve as Interim Human Resources Director until June 30, 2015;

WHEREAS, the City of Monterey desires to extend the employment contract with Ms. Narloch in the Interim Human Resources Director position until December 31, 2015;

WHEREAS, Ms. Narloch has accepted the City Manager's offer of continued employment as Interim Human Resources Director;

WHEREAS, the City Manager and Ms. Narloch wish to extend the existing employment contract on the same terms and conditions of her original appointment; and

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that the City Manager is authorized to execute an amendment to the employment contract retaining Joanne Narloch as Interim Human Resources Director, extending the term of the contract until December 31, 2015, will all other terms and conditions to remain the same.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_ day of \_\_\_\_\_, 201\_\_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

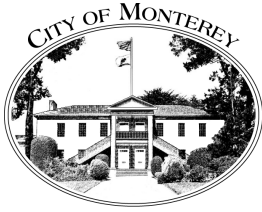
ATTEST:

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Mayor of said City

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City Clerk thereof



## Council Agenda Report

Date: June 16, 2015

Item No: 14.

**FROM:** Jimmy E. Forbis, Finance Director  
Prepared By: Carol Bouchard, Senior Accountant

**SUBJECT:** Continue to Levy Assessments on Lodging Businesses within the Monterey County Tourism Improvement District (MCTID)

### **RECOMMENDATION:**

That the City Council adopt a resolution to continue to levy assessments on lodging businesses within the Monterey County Tourism Improvement District (MCTID).

### **POLICY IMPLICATIONS:**

This is the second of two steps required to continue the Monterey County Tourism Improvement District for FY15-16. The first step was taken on June 2, 2015, when the City Council voted to accept the Annual Report and approve the Resolution to set a public hearing date to levy the assessment. The second step is the public hearing.

### **FISCAL IMPLICATIONS:**

The Monterey County Convention and Visitors Bureau (MCCVB) projects countywide MCTID assessments in the amounts of \$4,071,725 for FY15/16, with \$2,003,537 coming from establishments in the City of Monterey. The City is entitled to 1% of the assessments collected, estimated at \$20,035 to defer its costs related to collection of this proposed assessment.

### **ENVIRONMENTAL DETERMINATION:**

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

### **ALTERNATIVES CONSIDERED:**

None. The City is required to hold a public hearing.

## **DISCUSSION:**

The purpose of the hearing is to hear and consider all protests against the continued assessment of the MCTID and to adopt a Resolution levying assessments for FY15-16. One of the requirements of the MCTID is that a municipality must act as the lead jurisdiction in order to form and maintain a TID in Monterey County and at the October 3, 2006 meeting, the City Council adopted ordinance 3376 C.S.

With the consent of the County of Monterey and the cities of Marina, Carmel-by-the-Sea, Sand City, Del Rey Oaks, Seaside, Salinas, and Soledad, the City of Monterey agreed to be the lead and thus the Monterey County Convention and Visitors Bureau (MCCVB) in partnership with Monterey County, its communities, and lodging establishments formed a Tourism Improvement District (TID) in January 2007.

The purpose of the TID is to match private contributions with public funds to promote tourism in Monterey County and to capture our share of the California tourism market. Competing communities throughout California have formed TIDs to increase their marketing budgets. This competition for tourists' dollars led to the formation of the Monterey County Tourism Improvement District (MCTID).

The TID is designed and governed by the assessed lodging businesses and is customized to fit the needs of the district. Assessed businesses automatically become members of the MCCVB. TID funds cannot be diverted to other government programs and are used exclusively for tourism promotion.

Any expenses incurred by the City of Monterey, acting as lead agency, are reimbursed by the TID.

At the public hearing the City Council should take public comment on the MCTID and should approve the Resolution absent a majority protest.

JEF/cb

Attachments: 1. Annual Report  
2. Resolution

c: City Attorney  
MCTID Executive Director, MCCVB, 787 Munras Ave. Suite 110, Monterey, CA  
93940

# MONTEREY

**Monterey County Convention  
& Visitors Bureau**

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## **MCTID Advisory Board Report City of Monterey Fiscal Year 2015-16 TID Renewal**

### **Summary**

The Monterey County Tourism Improvement District (MCTID) is a partnership led by the City of Monterey, including Carmel-by-the-Sea, Seaside, Marina, Salinas, Monterey County and the Monterey County Convention & Visitors Bureau (MCCVB). The City of Pacific Grove has a separate TID and contributes to the overall regional marketing programs made possible by the MCTID. The MCCVB board of directors oversees the plans, progress and finances of the MCCVB and is the City of Monterey's MCTID advisory board. MCTID expenditures must provide benefit to the payers, i.e. must generate overnight stays for properties collecting and remitting the TID.

The MCTID funds are used in combination with jurisdiction investments (calculated as a formula from previous year actual TOT collections) and private revenues generated by the MCCVB to execute a robust regional tourism sales and marketing program for Monterey County.

There is also an MOU between the City of Monterey, City of Salinas, MCCVB and the governing body of the California Welcome Center that formalizes the collections, distribution and use of an additional .50 assessment of the TID for the CA Welcome Center. This MOU ensures the MCTID advisory board is equipped to report to the City of Monterey on the complete use of TID funds and the results from its investment.

The 2015-16 TID collection projections, along with the jurisdiction investments, keep Monterey in a destination marketing budget category that is comparable with our main destination competitors. The TID is a critical component of the MCCVB 2015-16 Business Plan, the initiatives planned and goals that have been developed by the MCCVB's stakeholders and board of directors.

MCCVB estimates a 2% increase in FY2015-16 TID over FY 2014-15 projected year end revenues. This equates to \$4,017,725 in FY 15-16. The breakdown of estimated revenues is as follows:

TID Jurisdiction	FY 2015-16 Estimated TID Revenue
City of Monterey	<b>\$2,003,537</b>
Monterey County	<b>\$878,256</b>
City of Carmel-by-the-Sea	<b>\$314,889</b>
City of Salinas	<b>\$248,161</b>
City of Seaside	<b>\$222,346</b>
City of Marina	<b>\$161,027</b>
<b>Total TID</b>	<b>\$ 3,828,216</b>

*(The City of Pacific Grove's 2015-2016 HID estimate is \$243,509 and the City of Salinas revenue above does not include the CA Welcome Center funding)*

**2015-2016 Initiatives to be supported in whole or part by TID:**

Group Sales: Large groups that fill two or more hotels will continue to be a major focus for the Group Sales Team. Sales initiatives will give priority to high-yield groups such as corporate and incentive, as well as new, niche-markets that fill low occupancy periods. Programs to achieve sales goals include:

- Client events introducing lodging partners to business opportunities
- Strategic tradeshow participation and sponsorships
- Elevating customer care and relationship development
- Enhanced partnerships with third-party planners (Cvent, HelmsBriscoe)
- Expanded and customized destination services, adding strength to the destination's value proposition
- Consistent integration with marketing and advertising programs ensuring consistent saturation of the destination message
- Leveraging the advantage of Monterey Conference Center renovation news

Marketing Communications: Priorities for Marketing Communications (Advertising, Social Media, Website, Public Relations) will be: implement aggressive database and digital/social program brand awareness and elevate Public Relations programs. Programs to achieve marketing communications goals include:

- Brand Campaign – effectively communicating to existing and new target audiences
- Increased focus on social media platforms to effectively reach target markets and create dialog with travel writers and media outlets
- Leveraging partnerships with Visit California, San Francisco Travel, Brand USA and the Central Coast Tourism Council to gain valuable marketing exposure
- Focused PR seeking high visibility broadcast and other exposure in key target markets along with FAM trips.

Visitor Services:

- Influence length of stay and visitor spending through service excellence

California Welcome Center Operations:

The California Welcome Center (CWC) in Salinas is open 7 days a week, 9am-5pm. It provides tourists with brochures, maps, local merchandise and information regarding local events in Monterey County and the region. The Welcome center assisted 3,510 visitors from July 1, 2014-March 31, 2015.

Events at CWC location:

12/7/14 - Santa Visits the California Welcome Center Salinas

Events at other locations:

7/8/14 - Leisure Fun Faire at Naval Postgraduate School

## Monterey County Convention & Visitors Bureau

### TID Reporting for FY14-15 and FY15-16

**FY14-15**

TID Revenue Budgeted	<u>\$ 3,605,460.67</u>
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*Budgeted Expense:*

Group Sales Expenses	2,651,801.02
Marketing Communications Expenses	534,605.30
Membership Expenses	-
Visitor Services Expenses	168,195.36
Administration Expenses	<u>250,858.99</u>
Total Expenses	<u>\$ 3,605,460.67</u>

**FY15-16**

FY14-15 Projected Incremental Revenues	\$ 72,859.00
TID Revenue Projected	<u>\$ 3,828,216.00</u>
	<u>\$ 3,901,075.00</u>

*Budgeted Expense:*

Group Sales Expenses	2,920,018.00
Marketing Communications Expenses	704,097.00
Membership Expenses	-
Visitor Services Expenses	151,226.00
Administration Expenses	<u>125,734.00</u>
Total Expenses	<u>\$ 3,901,075.00</u>

MCCVB has purposefully budgeted FY15-16 TID expenses to room night generating activities and their support. The complete MCCVB budget, including TID, jurisdiction investments and other revenues, provides a complete overview of all program and support expenses.

Updated: 6/2/2015

**RESOLUTION NO. \_\_-\_\_ C.S.**

Date: June 16, 2015

Item No: 14.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**CONFIRMING THE REPORT OF THE MONTEREY COUNTY TOURISM IMPROVEMENT DISTRICT AND ADOPTING THE LEVY OF ASSESSMENT FOR THE 2015-16 FISCAL YEAR**

WHEREAS, the City Council of the City of Monterey (the "City Council") is interested in levying an annual assessment on lodging businesses, which includes hotels, motels, and the bed and breakfasts, within the proposed Monterey County Tourism Improvement District ("MCTID"); and

WHEREAS, the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Section 36500 et seq., authorizes cities to establish business improvement areas for the purpose of promoting tourism; and

WHEREAS, Monterey City Code section 18-41 et seq. describes the boundaries of the MCTID, provides for the annual review of assessments, the imposition of the assessment, and process for modification or disestablishment of the district; and

WHEREAS, lodging businesses within the proposed MCTID have requested the City Council to levy such assessments; and

WHEREAS, the Monterey County Convention and Visitors Bureau (MCCVB) has requested the City Council to levy such assessments;

WHEREAS, the City of Monterey has received the Advisory Board Annual Report, as described in California Streets and Highways Code Section 36533, proposing the annual levy;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that:

1. The recitals set forth herein are true and correct.
2. There is not a majority protest.
3. The City Council hereby approves the annual report and levies the annual assessments against lodging businesses within the MCTID boundaries pursuant to the Parking and Business Improvement Area Law of 1989, Streets and Highways Code Section 36500 et seq. (the "Law").
4. The boundaries of the MCTID shall be the boundaries of the unincorporated area of the County of Monterey, the City of Monterey, the City of Marina, the City of Carmel-by-the-Sea, Sand City, the City of Del Rey Oaks, the City of Seaside, the City of Salinas, and the City of Soledad, as shown on the map attached hereto as Exhibit A and incorporated herein by such attachment.
5. The name of the business improvement area shall continue to be the "Monterey County Tourism Improvement District."



6. The City Council hereby declares that the types of improvements and activities to be funded by the levy of assessments against lodging businesses within the MCTID are tourism promotions and marketing programs to promote Monterey County as a tourism destination, and projects, programs, and activities that benefit lodging businesses located and operating within the boundaries of the district.
7. Except where funds are otherwise available, an assessment shall be levied annually against all lodging businesses paying the transient occupancy tax. The assessment will pay for the improvements and activities within the MCTID. Assessments shall be collected in installments as determined by each jurisdiction and as described in the contract between each jurisdiction and the MCCVB. The proposed assessment is to be levied on all lodging businesses paying the transient occupancy tax, existing and future, including Visitor Accommodation Facilities, as defined in Monterey City Code Section 35-10, within the MCTID boundaries, except for the exclusions noted below, based upon \$2.00 per occupied paid room per night for full service lodging businesses and \$1.00 per occupied paid room per night for limited service lodging businesses, as defined by Smith Travel Research. Visitor Accommodation Facilities in the City of Salinas shall pay \$2.50 per occupied room per night for full service lodging businesses and \$1.50 per occupied room per night for limited service lodging businesses. New lodging businesses within the boundaries of the MCTID shall not be exempt from the levy of assessment. Extended stays, defined as more than 30 consecutive calendar days, shall be exempt from the levy of assessment. Vacation Rentals, defined as a single family home, townhome, or condominium owned by a private individual that is available for rent, shall be exempt from the levy of assessment. RV Parks shall be exempt from the levy of assessment. Assessments levied pursuant to the MCTID shall not be included in gross room rental revenue for the purpose of determining the amount of the transient occupancy tax.

This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify to the vote adopting this resolution.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_\_ day of \_\_\_\_\_, 201\_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

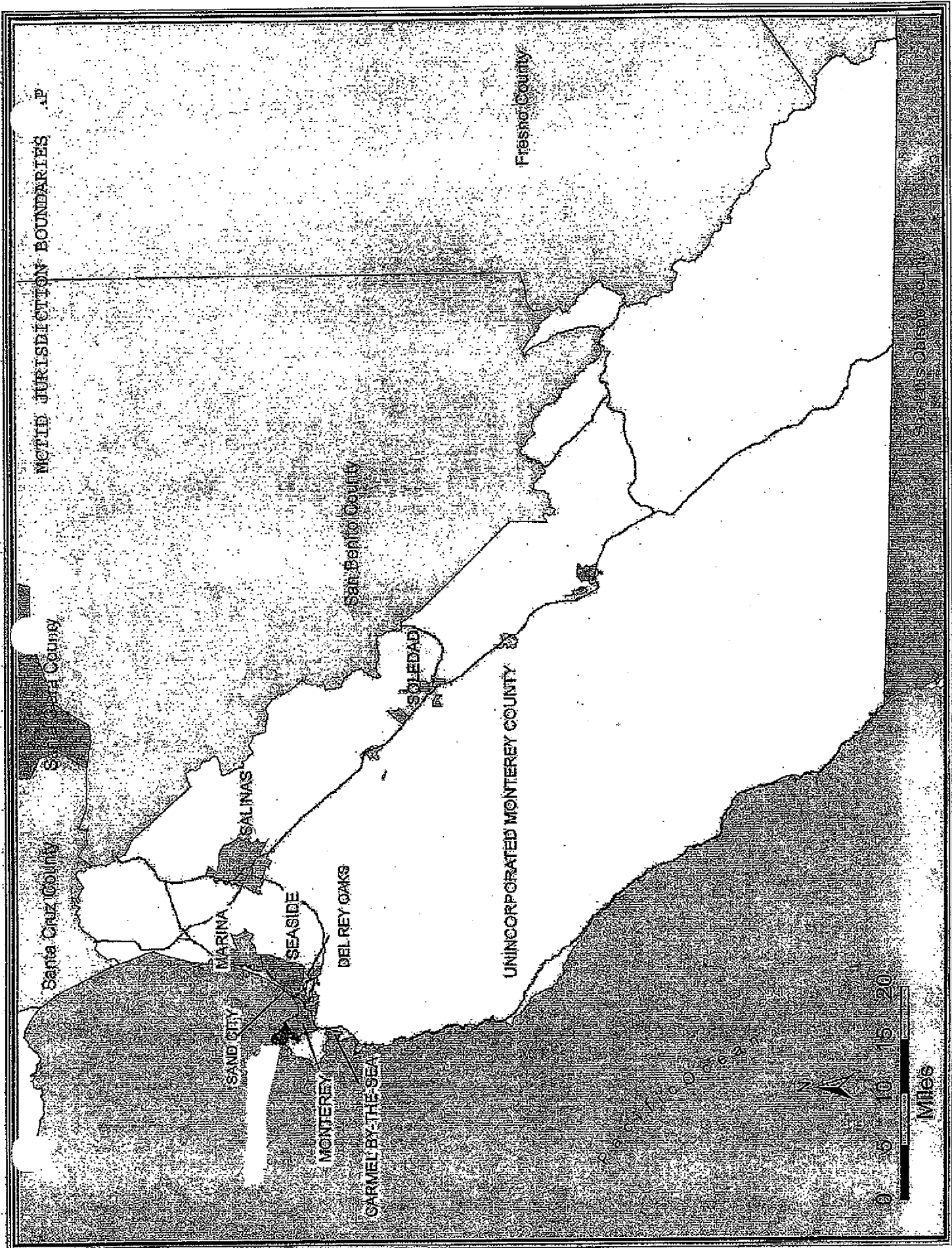
APPROVED:

ATTEST:

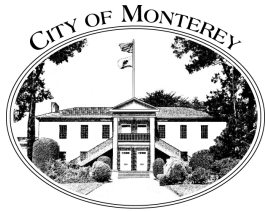
\_\_\_\_\_  
Mayor of said City

\_\_\_\_\_  
City Clerk thereof









## Council Agenda Report

Date: June 16, 2015

Item No: 15.

**FROM:** Dino Pick, Deputy City Manager, Plans and Public Works  
Prepared By: Jeff Krebs, P.E., Principal Engineer

**SUBJECT:** Adopt the FY 2015/16 Neighborhood Improvement Program

### RECOMMENDATION:

That the City Council adopt the attached resolution approving the proposed Neighborhood Improvement Program (NIP) for Fiscal Year 2015/16.

### POLICY IMPLICATIONS:

The recommended action is consistent with established policy and procedures for adopting the annual City budget. On May 21, 2015, the Parks and Recreation Commission confirmed that the proposed parks and recreation-related projects conform to the Parks and Recreation Master Plan. On May 26, 2015, the Planning Commission confirmed that all proposed projects conform to the General Plan, Neighborhood Plans, Area Plans, and Coastal Plans.

### FISCAL IMPLICATIONS:

The NIP will receive approximately \$3,419,306 from Transient Occupancy Tax (TOT) revenue for FY 2015/16, after City overhead costs are deducted. The NIP ending balance brings total NIP funds available to \$3,982,318. The funds needed for projects in FY 2015/16 are \$3,442,950.

Budget adjustments to the available amount for appropriation are as follows:

New FY 2015/16 funds (estimate)		\$3,419,306
Ending balance		\$ 563,012
Funds Available		\$3,982,318
Funds Available (excluding base)		\$3,808,691
Base Allocation		\$ 173,627
Base carry over from previous year		\$ 38,007
Total Base for FY2015/16		\$ 211,634
Total funds available (including all base)		\$4,020,325
Contingencies FY 2015/16		\$ 566,135
Base not allocated		\$ 11,240
Unallocated ending balance		\$ 0
Net amount recommended for projects		\$3,442,950

The recommended contingency of \$566,135 will be added to the existing balance of \$433,865 for a combined availability of \$1,000,000.

#### **ENVIRONMENTAL DETERMINATION:**

The City of Monterey Planning Office determined that the following actions are exempt from the California Environmental Quality Act (CEQA) (Article 19, Section 15301, 15302, 15303, 15306, 15316, and 15325) because the proposed actions involve the operation, repair, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures, mechanical equipment or topographical features involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. Alternatively, the projects may include basic data collection, research, experimental management and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These efforts may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted or funded. These exempt projects include:

#### NIP:

Refurbish Street Signs (AO-1)  
Street Signs Cleaned or Replaced (NM-12)  
City Council Podium and Microphone (CW-28)  
Via Casoli Sewer Odor Prevention (FF-1)  
Belden Drake Open Space (NM-7)  
Oak Grove Property Acquisition (OG-2)  
Ferrante Park BBQ Picnic Upgrade (VDM-1)

#### Exempt Projects:

Furthermore, the exempt projects do not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located -a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The project sites are not located in sensitive areas and repair existing facilities or involve negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. The projects include distinct repairs and minor alterations to existing facilities. No cumulative impact is anticipated due to their limited scope and distinct locations.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. The projects include distinct repairs and minor alterations to existing facilities. No unusual circumstances are anticipated due to their limited scope and distinct locations.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report (EIR). These projects are not located on Highway 1 or 68 and no impact will occur.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. None of these project sites are located on sites listed pursuant to Section 65962.5.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. None of the projects will affect historic resources. The projects that will require excavation are not located in high archaeological sensitivity areas.

For the remaining projects listed below, project specific environmental review will be conducted as the project is proposed. As currently conceived, the projects are consistent with the City's plans and project specific impacts could be reduced to a less than significant level through project design and specifications.

NIP:

Entrance Lighting (AO-2)  
CERT Shed Roof Replacement (COK-2).  
Neighborhood Entrance Signs (DMB-8)  
Jacks Park Entrance Baseball Statue (DT-2)  
Hilltop Park Area Lights Replacement (NM-4)  
Oak-Newton Park Light and Post Replacement (NM-5)  
American Legion to Harrison Walkway, Stairs Renovation/Restoration (OT-4)  
Neighborhood Entrance (VDM-3)  
North Fremont Bike and Pedestrian Improvements (COK-1)  
Citywide Regional Water Recovery Study (CW-25)  
El Dorado Street Radar Speed Sign (AM-1)  
Mar Vista Reconstruction Design (Dry Creek to Soledad) (MV-1)  
Lower Wyndemere Log Drops Additional Funding (SF-2)  
Montecito Park Improvements (VDM-2)  
Terry 746 Access and Drainage (NM-10)  
Skyline Forest Greenbelt Fire Fuel Reduction (SF-1)  
Van Buren 300 Block Street Reconstruction (OT-2)  
Eddie Burns Lane Drainage, Phase II (OT-1)  
Don Dahvee Greenbelt Fire Fuel Reduction (AM-2)  
Beach Boardwalk Extension (DMB-7)  
Monterey Public Library Kitchen Addition (CW-19)  
Pacific Street Sidewalks and Lighting (Near Alameda) (MV-3)  
Virgin Street Sidewalk, Curb and Gutter Installation (DMG-1)  
DF Entry Area Improvement (DF-1)

San Carlos Beach Remove/Replace Sidewalk and Stairs (PRC Priority 1 of 6) (CW-9)  
 Cannery Row Crosswalk Project (NM-14)  
 Dennis the Menace Park Climbing Structure (PRC Priority 2 of 6) (CW-7)  
 Via Chiquita Storm Drain Improvements Phase II (MV-5)  
 Historic Monterey, Master Plan for Public Art. Monterey Path of History, Expand Master Plan (CW-23)  
 Outdoor Basketball Courts with Lights (CW-22)  
 Lower Presidio Historic Park Improvements to Allow Public Use (CW-29 A)  
 Del Monte Beach Beach Way Sidewalk & Retaining Wall Repair (DMB-4)  
 Del Monte Grove English 200 Block Pavement Rehabilitation (DMG-5)  
 Monterey Public Library Terrace Lighting Project (CW-31)  
 Cannery Row Worker Shacks, Restore and Repair (CW-12)

### **ALTERNATIVES CONSIDERED:**

The City Council could, with a four-fifths vote, find that NIP funds are needed for the ordinary and necessary services of the City. Council could also choose not to fund certain project(s) from the list of proposed projects. Staff recommends that all of the remaining projects proposed by the NIP Committee be funded.

### **DISCUSSION:**

As shown in Exhibit A-1, this year, the NIP Committee is recommending \$3,442,950 in TOT revenue to fund 41 projects. These projects represent a wide array of community needs. Of these projects, nine directly address safety (Green Belt Fuel Reduction) or vehicle and pedestrian improvements to existing infrastructure, two acquire property for new parks, and 17 address essential maintenance needs. The first 11 projects are fully funded by the Neighborhoods' base allocations and are in no specific order. The next 12 through 41 projects are in priority order from NIP voting night. The Project descriptions can be found in Exhibit A-2. Proposed project summary by type for FY15/16, as well as a 10-year summary can be found in Exhibit B.

The NIP Committee recommends allocating \$566,135 to increase the NIP Contingency Fund to a total balance of approximately \$1,000,000, which will help in reducing the backlog of older estimated projects. In addition, the NIP Committee identified one additional "cut-off" project should additional funding become available.

On May 19, 2015, Council reviewed 41 proposed projects, plus one cut-off project. Council asked the following questions about the proposed projects; answers are provided below:

### **Ocean Ave property acquisition (OG-2):**

- What are the water credits for the mixed used site?

**Answer:** The mixed-use building on the site had a three cutting station hair salon, and an apartment unit.

Estimated Water Credit Factors:

Hair Salon - Per cutting station x 3	0.1701 Acre Feet *
Apartment Unit, 5.7 fixture units	0.57 Acre Feet *
Total	0.2271 Acre Feet *



\* Please note these are anticipated credits. Until the Water District makes a formal determination, these numbers are estimates only.

Should the City acquire this property it could utilize the water credits for a future Tot Lot water use, and the excess for any other City owned parcel in need of water credits. To provide water credits for private parcels the excess credits would need to be transferred into the Water District's overall credits for the City, and they would be reduced by 15%.

A typical single family dwelling with 2 1/2 bath, landscaping, and laundry facilities requires 0.25 Acre Feet.

- What condition is the existing structure and could it possibly provide rental income?

**Answer:** Based on a visual review from the street, the existing 1,239 SF mixed-use building would need considerable upgrades to be operated/owned as a public building. If leased the lessee could be responsible for upgrade requirements. Any construction remodel could require major upgrades due to ADA access requirements.

**Parks related projects:**

- Will the Parks and Recreation Commission (PRC) provide input on the Parks related projects?

**Answer:** Monterey City Code section 2-7 authorizes the PRC to "carry out the policies established by the City Council in acting on all matters pertaining to the use, development, and improvement of the City's recreational programs and park facilities, and shall make recommendations to the City Council on the acquisition, design, and development of park facilities." The PRC role in the review of the projects prior to council adoption is to comment on conformity to the Parks and Recreation Master Plan and to make recommendation to Council regarding the acquisition proposed by the Neighborhood Improvement Committee. With respect to the two proposed property acquisition, the PRC found these in compliance with the existing Master Plan.

During the next six months there will be multiple meetings for a new updated Parks Master Plan. When any of the proposed projects are being developed, we will verify conformity to the revised Parks Master Plan, or in the case of the undefined site of the proposed Outdoor Basketball Courts (CW-22), take this project to the Commission for approval.

Additionally, Council was shown a cost breakdown by neighborhood with statistics. This information is included in Exhibit B.

Council was shown the estimated 214 hours of additional staff time required for the new proposed projects including the property acquisitions. Staff reductions in Plans and Public Works have significantly diminished the department's ability to maintain existing infrastructure. Adding new infrastructure will require a reallocation of labor resources reducing service levels in other areas.

The 41 projects and one cutoff project represent a wide array of community needs. Staff believes that the list as a whole represents essential needs of the community and should be approved as submitted.

JK:sm

Attachments:       1. Resolution  
                          2. Exhibit A-1: Recommended NIP Projects  
                          3. Exhibit A-2: NIP Project Descriptions  
                          4. Exhibit B: NIP Project Summary Statistics

e:   Rick Heuer, NIP Spokesperson  
      Richard Ruccello, NIP Alternate Spokesperson  
      Sharon Dwight, NIP Alternate Spokesperson  
      NIP Committee  
      Louie Marcuzzo, Parks Operations Manager  
      George Helms, General Services Superintendent  
      Cindy Vierra, Recreation & Community Services Manager

**RESOLUTION NO. \_\_-\_\_ C.S.**

Date: June 16, 2015

Item No: 15.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**ADOPT NEIGHBORHOOD IMPROVEMENT PROGRAM (NIP)  
BUDGET FOR FISCAL YEAR 2015/16**

WHEREAS, on May 21, 2015, the Parks and Recreation Commission reviewed the proposed projects and determined they were consistent with the City's Parks and Recreation Master Plan;

WHEREAS, on May 19, 2015, the City Council reviewed the proposed NIP projects and thereafter caused a public meeting to be held concerning the proposed NIP projects;

WHEREAS, on May 26, 2015, the Planning Commission reviewed the projects and determined that they were consistent with the City's General, Neighborhood, Area, and Coastal Plans;

WHEREAS, on June 16, 2015, the proposed Neighborhood Improvement (NIP) Budget for Fiscal Year 2015/16 was prepared and submitted to the City Council, in accordance with Section 6.3 of the City Charter; and

WHEREAS, the City of Monterey Planning Office determined that the following actions are exempt from the California Environmental Quality Act (CEQA) (Article 19, Section 15301, 15302, 15303, 15306, 15316, and 15325) because the proposed actions involve the operation, repair, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures, mechanical equipment or topographical features involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. Alternatively, the projects may include basic data collection, research, experimental management and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These efforts may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted or funded. These exempt projects include:

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Belden Drake Open Space (NM-7)  
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Ferrante Park BBQ Picnic Upgrade (VDM-1)

Exempt Projects:

Furthermore, the exempt projects do not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located -a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The project sites are not located in sensitive areas and repair existing facilities or involve negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

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 Del Monte Grove English 200 Block Pavement Rehabilitation (DMG-5)  
 Monterey Public Library Terrace Lighting Project (CW-31)  
 Cannery Row Worker Shacks, Restore and Repair (CW-12)

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that the Neighborhood Improvement Program (NIP) Budget for Fiscal Year 2015/16 as shown on Exhibits A-1 and A-2 attached hereto containing information as required in Section 6.3 of the Monterey City Charter, is hereby adopted and approved in the following amount:

Neighborhood Improvement Program Budget \$3,442,950 plus an additional \$566,135 for the total contingency fund balance of \$1,000,000.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_\_ day of \_\_\_\_\_, 201\_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

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Mayor of said City

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City Clerk thereof

# EXHIBIT A-1

NEIGHBORHOOD IMPROVEMENT PROGRAM (NIP) RECOMMENDED PROJECT LIST FY 2015/16	Budget
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## PROJECTS FULLY FUNDED WITH BASE ALLOCATION

1	Refurbish Street Signs (AO-1)	\$1,000
2	Entrance Lighting (AO-2)	\$6,000
3	CERT Shed Roof Replacement (COK-2).	\$6,700
4	Neighborhood Entrance Signs (DMB-8)	\$9,000
5	Jacks Park Entrance Baseball Statue (DT-2)	\$22,000
6	Hilltop Park Security Light Replacement (NM-4)	\$15,000
7	Oak-Newton Park Light and Post Replacement (NM-5)	\$13,000
8	Street Signs Cleaned or Replaced (NM-12)	\$7,000
9	American Legion to Harrison Walkway, Stairs Renovation/Restoration (OT-4)	\$19,000
10	Neighborhood Entrance (VDM-3)	\$13,500
11	City Council Podium and Microphone (CW-28)	\$750

**Total Base Allocation = \$112,950**

## OTHER FUNDED PROJECTS, (INCLUDING PARTIAL BASE ALLOCATIONS)

12	N. Fremont Bike and Pedestrian Safety Improvements (COK-1)	\$200,000
13	Citywide Regional Water Recovery Study (CW-25)	\$100,000
14	El Dorado St. Radar Speed Sign (AM-1)	\$16,000
15	Oak Grove Property Acquisition (OG-2)	\$450,000
16	Via Casoli Sewer Odor Prevention (FF-1)	\$18,000
17	Mar Vista Reconstruction Design (Dry Creek to Soledad) (MV-1)	\$228,000
18	Lower Wyndemere Log Drops Additional Funding (SF-2)	\$175,000
19	Montecito Park Safety Improvements (VDM-2)	\$155,000
20	Terry 746 Access, and Drainage (NM-10)	\$43,000
21	Skyline Forest Greenbelt Fire Fuel Reduction (SF-1)	\$25,000
22	Van Buren 300 Block Street Reconstruction(OT-2)	\$200,000
23	Eddie Burns Lane Drainage, Phase II (OT-1)	\$87,000
24	Don Dahvee Greenbelt Fire Fuel Reduction (AM-2)	\$25,000
25	Beach Boardwalk Extension (DMB-7)	\$20,000
26	Monterey Public Library Kitchen Addition (CW-19)	\$340,000
27	Belden Drake Open Space (NM-7)	\$100,000
28	Pacific St. Sidewalks and Lighting (Near Alameda) (MV-3)	\$103,000
29	Virgin St. Sidewalk, Curb and Gutter Installation (DMG-1)	\$127,000
30	DF Entry Area Improvement (DF-1)	\$31,000
31	San Carlos Beach Remove/Replace Sidewalk and Stairs (PRC Priority 1 of 6) (CW-9)	\$105,000
32	Cannery Row Crosswalk Safety Project (NM-14)	\$122,000
33	Dennis the Menace Park Climbing Structure (PRC Priority 2 of 6) (CW-7)	\$60,000
34	Via Chiquita Storm Drain Improvements Phase II (MV-5)	\$90,000
35	Ferrante Park BBQ Picnic Upgrade (VDM-1)	\$74,000
36	Historic Monterey, Master Plan for Public Art. Monterey Path of History, Expand Master Plan (CW-23)	\$60,000
37	Outdoor Basketball Courts with Lights (CW-22)	\$105,000

EXHIBIT A-1

<b>NEIGHBORHOOD IMPROVEMENT PROGRAM (NIP)</b> <b>RECOMMENDED PROJECT LIST FY 2015/16</b>	<b>Budget</b>
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38 Lower Presidio Historic Park Improvements to Allow Public Use (CW-29 A)	\$215,000
39 DMB Beach Way Sidewalk & Retaining Wall Repair (DMB-4)	\$6,000
40 Del Monte Grove English 200 Block Pavement Rehabilitation (DMG-5)	\$42,000
41 Monterey Public Library Terrace Lighting Project (CW-31)	\$8,000

**Other Funded Projects = \$3,330,000**

<b>Total Proposed Neighborhood Projects</b>	<b>\$3,442,950</b>
FY 2015/16 NIP Contingency Account	\$1,000,000
FY 2015/16 NIP Unallocated Base Allocation	\$11,240
<b>NEIGHBORHOOD IMPROVEMENT PROGRAM FUND TOTAL</b>	<b><u>\$4,454,190</u></b>

#### CUT-OFF PROJECTS

1	Cannery Row Worker Shacks, Restore and Repair (CW-12)	\$147,000
	<b>Total Cut-off Projects =</b>	<b>\$147,000</b>



**EXHIBIT A-2**  
**NEIGHBORHOOD IMPROVEMENT PROGRAM (NIP) FY 2015/16**  
**PROJECT DESCRIPTIONS**

**PROJECTS FULLY FUNDED WITH BASE ALLOCATION**

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- |    |   |          |
|----|---|----------|
| 1  | <b>Refurbish Street signs (AO-1)</b><br>Replace/Refurbish street signs on Littlefield, and Abinante Way. They have not been cleaned since they were originally installed in the 1960's.   | \$1,000  |
| 2  | <b>Entrance Lighting (AO-2)</b><br>Install new electrical connection to PG&E secondary box that will supply power to the entrance sign lighting. This way the existing 120 volt light isn't connected to the 240 volt street light system that doesn't have a ground wire. Or provide a solar light.  | \$6,000  |
| 3  | <b>CERT Shed Roof Replacement (COK-2)</b><br>This shed now has a compromised roof. All the other sheds in the city have had this improvement. It is necessary to protect the emergency supplies within the shed.  | \$6,700  |
| 4  | <b>Neighborhood Entrance Signs (DMB-8)</b><br>Bottom of Roberts Way; install a wood entrance sign for the Del Monte Beach neighborhood.   | \$9,000  |
| 5  | <b>Jacks Park Entrance Baseball Statue (DT-2)</b><br>This project will relocate the existing 'Little Leaguer at Bat' statue to a concrete pedestal with up-lighting to the left side of the park entrance.  | \$22,000 |
| 6  | <b>Hilltop Park Security Light Replacement (NM-4)</b><br>Replace security lights at Hilltop Park with more energy-efficient soft-white lights.  | \$15,000 |
| 7  | <b>Oak-Newton Park Light and Post Replacement (NM-5)</b><br>Replace five existing posts and light fixtures with new models in the lower playground area, and gulch, along the Presidio side of the park.  | \$13,000 |
| 8  | <b>Street Signs Cleaned or Replaced (NM-12)</b><br>Replace approximately 20 street name or stop signs to render them clear and readable.  | \$7,000  |
| 9  | <b>American Legion to Harrison Walkway, Stairs Renovation/Restoration (OT-4)</b><br>Remove and replace asphalt walkway from the American Legion to the stairs up to Harrison Street. Remove and replace failed asphalt walkway areas from the American Legion to the stairs up to Harrison Street. Repair wood stairs and railing, Fill in DG path areas. | \$19,000 |
| 10 | <b>Neighborhood Entrance (VDM-3)</b><br>Villa Del Monte is eager to identify established boundaries and develop a cohesive sense of community. Locations are at street intersections entering the neighborhood, 7 each, and two at the Highway 1 off-ramps.   | \$13,500 |
| 11 | <b>City Council Podium and Microphone (CW-28)</b><br>Provide a removable podium with microphone next to the existing seated public testimony area. Move the existing seated table and public testimony microphone closer to speaker.  | \$750    |

EXHIBIT A-2

**NEIGHBORHOOD IMPROVEMENT PROGRAM (NIP) FY 2015/16**  
**PROJECT DESCRIPTIONS**

**OTHER FUNDED PROJECTS, Including partial base allocations**

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- |    |  |           |
|----|--|-----------|
| 12 | <b>N. Fremont Bike and Pedestrian Improvements (COK-1)</b><br>The request is for a portion of the \$840,000 in matching funds required by the Active Transportation Program Grant (\$6.48M), NIP submittal for \$200,000, CIP submittal for \$400,000 in matching funds, and \$240,000 is being requested in grant applications. Project will provide safe access to cyclists and pedestrians on North Fremont Street. Add class 2 bicycle lanes along both sides of North Fremont and bicycle detection at each of the five intersections. Sidewalk added to north side between Canyon Del Rey and Casanova.  | \$200,000 |
| 13 | <b>Citywide Regional Water Recovery Study (CW-25)</b><br>Local funding match for a Peninsula-wide integrated water augmentation study utilizing previous NIP-funded studies (Monterey Vista and David Ave reservoir) as well as investigating new options. If funding is available in Fiscal Year 2015-16 budget, Monterey Peninsula Water Management District will consider providing additional grants up to \$100,000 for qualified projects.   | \$100,000 |
| 14 | <b>El Dorado St. Radar Speed Sign (AM-1)</b><br>Install radar speed sign. Across from the Church located at 501 El Dorado St. in the area of the 20mph sign.   | \$16,000  |
| 15 | <b>Oak Grove Property Acquisition (OG-2)</b><br>Purchase of property that is for sale located at 499 Ocean Ave. which is a building and adjacent land to be used for a future Tot-Lot.   | \$450,000 |
| 16 | <b>Via Casoli Sewer Odor Prevention (FF-1)</b><br>Control sewer odor at end of force main into City Manhole. Extend 6" sewer main uphill approximately 30' and tie force main into the extended sewer main. Only achievable if extended gravity main is below grade of force main. Need to verify.   | \$18,000  |
| 17 | <b>Mar Vista Reconstruction Design (Dry Creek to Soledad) (MV-1)</b><br>Fund the design and environmental work for reconstruction of Mar Vista Drive from Dry Creek to Soledad (approximately 2,700 LF of roadway, including 7 unsignalized intersections). Intent of overall project is removal of adverse crown, construction of curb ramps, bulb outs, and median islands as shown in the neighborhood Traffic Calming Plan, and potentially constructing storm water treatment facilities (if required). The intent of this NIP project is to produce a "shovel ready" project, making the overall project more competitive for obtaining grant funding from Safe Routes to Schools and Complete Streets programs. | \$228,000 |
| 18 | <b>Lower Wyndemere Stream Bed restoration Additional Funding (SF-2)</b><br>This project will stabilize the reach of Wyndemere Creek between Skyline Drive and Crandall Road. This project was funded in FY 2008-09 for design. Due to the cost of this project it has received two funding allocations in Fiscal years 2014-15. This will be the last funding phase so construction can be implemented.  | \$175,000 |

EXHIBIT A-2

## NEIGHBORHOOD IMPROVEMENT PROGRAM (NIP) FY 2015/16

### PROJECT DESCRIPTIONS

- |    |   |           |
|----|---|-----------|
| 19 | <b>Montecito Park Improvements (VDM-2)</b><br>Regrade and replace 1/2-court basketball court in Montecito Park with full-court Acrylotex System or Flexcourt. Light basketball court and playground until 10 p.m. Replace sand in playground with a safer alternative.  | \$155,000 |
| 20 | <b>Terry 746 Access, and Drainage (NM-10)</b><br>Street Drainage control, improve access for people and vehicles entering and exiting 746 Terry Street.   | \$43,000  |
| 21 | <b>Skyline Forest Greenbelt Fire Fuel Reduction (SF-1)</b><br>Remove fire fuel load in forested areas.  | \$25,000  |
| 22 | <b>Van Buren 300 Block Street Reconstruction (OT-2)</b><br>Request for NIP to fund design and 50% of construction cost and the other 50% construction cost funded by CDBG or other funding. Remove crown of street & replace existing 8" curb with standard 6" curb to correct extreme slope of street toward the curb. Replace sidewalk, curb, gutters, and installs drainage improvements to eliminate ponding water. | \$200,000 |
| 23 | <b>Eddie Burns Lane Drainage, Phase II (OT-1)</b><br>These drainage improvements will prevent flooding in this last section of Eddie Burn Lane.   | \$87,000  |
| 24 | <b>Don Dahvee Greenbelt Fire Fuel Reduction (AM-2)</b><br>Remove fire fuel load in forested areas.  | \$25,000  |
| 25 | <b>DMB Beach Boardwalk Extension (DMB-7)</b><br>West parking lot at Beach and Tide replace beach boardwalk extending the boardwalk's ending point closer to the beach.  | \$20,000  |
| 26 | <b>Monterey Public Library Kitchen Addition (CW-19)</b><br>A new structure behind the current community room which would be a approx. 400 sq.ft. building addition housing a complete kitchen. This kitchen would support fundraising programs for the Library, including a possible coffee shop. Possibly used as a meeting room as well.  | \$340,000 |
| 27 | <b>Belden Drake Open Space (NM-7)</b><br>Purchase vacant parcel of land (if the owner is willing to sell) at the corner of Belden and Drake to become part of a City Park space. Provide 1-2 Benches for people to sit and enjoy the trees and the view of Monterey Bay.  | \$100,000 |
| 28 | <b>Pacific St. Sidewalks and Lighting (Near Alameda) (MV-3)</b><br>Construct approximately 230 LF of concrete sidewalk, from the corner of Alameda Street to the driveway of Whispering Pines Park, and provide park entrance street lighting at driveway. Includes 5'-wide sidewalk behind existing driveway apron and two curb ramps at Alameda Street.   | \$103,000 |
| 29 | <b>Virgin St. Sidewalk, Curb and Gutter Installation (DMG-1)</b><br>Install sidewalk, curb and gutter on Virgin St. between Montecito and Branner.  | \$127,000 |

EXHIBIT A-2

## NEIGHBORHOOD IMPROVEMENT PROGRAM (NIP) FY 2015/16

### PROJECT DESCRIPTIONS

- |    |  |           |
|----|--|-----------|
| 30 | <b>Entry Area Improvement (DF-1)</b><br>Improve entrance to Deer Flats Park neighborhood by (1) installing lighting on DFP sign so it is more visible at night and two tree lights, (2) refacing or replacing existing slump stone walls with decorative rock, (3) placing decomposed granite over the dirt on both sides of the entrance.   | \$31,000  |
| 31 | <b>San Carlos Beach Remove/Replace Sidewalk and Stairs (PRC Priority 1 of 6) (CW-9)</b><br>Replace existing stairs which have cracked and spalled and which therefore could represent a safety hazard. Replace / provide hand rails as needed.   | \$105,000 |
| 32 | <b>Cannery Row Crosswalk Safety Project (NM-14)</b><br>The scope of work for cross walk improvements are an asphalt (AC) walking surface between the concrete bands, and we could slurry with earth tone color over the AC surface. The request is for three crosswalks as follows:<br>Prescott/Cannery Row - \$40,300<br>(1) Prescott/Cannery Row and (2) Hoffman/Cannery Row total = \$100,000<br>(1) Prescott/Cannery Row and (2) Hoffman/Cannery Row and (3) Drake/Cannery Row total = \$147,000. Cannery Row Business Association will contribute \$25,000.   | \$122,000 |
| 33 | <b>Dennis the Menace Park Climbing Structure (PRC priority 2 of 6) (CW-7)</b><br>Purchase and install a unique climbing structure for back side of Dennis the Menace Park.   | \$60,000  |
| 34 | <b>Via Chiquita Storm Drain Improvements Phase II (MV-5)</b><br>This work will complete the funded storm drain improvements along Via Chiquita between Hermann Drive and El Callejon. The storm drain improvements include the installation of 12" storm drain line, slurry backfill and trench paving. One catch basin and modification of one existing drain inlet. Earthwork and conform paving.  | \$90,000  |
| 35 | <b>Ferrante Park BBQ Picnic Upgrade (VDM-1)</b><br>Upgrading to include preparation area with water, grade and install decomposed granite; provide pads at tables (possibly adding more), split rail fence around the area, and seating. Cooking facilities to be refurbished or replaced. Trim trees and possible fencing.  | \$74,000  |
| 36 | <b>Historic Monterey, Master Plan for Public Art. Monterey Path of History, Expand Master Plan (CW-23)</b><br>Survey at least 60 locations of strategic locations for outdoor public art. Tie a path from the lower Presidio to the Royal Presidio Chapel on Church street. Outdoor public art that helps to identify Monterey's historic and cultural assets and aids point-to-point way finding. The art may be a combination of murals, signs, plantings, or a sculpture of the signage. Expand the concept of Path of History that links Paseo, Pedestrian shorts cut through off street paths, etc... that link the 40 Adobes, Victorians, Parks and Museums. | \$60,000  |
| 37 | <b>Outdoor Basketball Courts with lights (CW-22)</b><br>A Installation of outdoor basketball courts within the City. Locate the "best location" with a 12 month time limit on selection and construction of 1-2 full courts with lights.   | \$105,000 |

EXHIBIT A-2

**NEIGHBORHOOD IMPROVEMENT PROGRAM (NIP) FY 2015/16**  
**PROJECT DESCRIPTIONS**

- |    |  |           |
|----|--|-----------|
| 38 | <b>Lower Presidio Historic Park Improvements to Allow Public Use (CW-29 A)</b><br>Accomplish preliminary implementation of Master Plan approved in 2002.<br>Priority A: Original priority #1 submittal, \$9,000 is installation of way finding and entrance signage that identifies the Lower Presidio Historic Park.<br>Original priority #3 submittal, \$206,000 is construction of a colored concrete walking path and benches at the Serra Monument and to overlook the bay.<br>Included is new accessible parking space and curb ramp as required for ADA compliance. | \$215,000 |
| 39 | <b>DMB Beach Way Sidewalk &amp; Retaining Wall Repair (DMB-4)</b><br>Repair an existing wood retaining wall on Beach Way between Tide Ave and Sea Foam Ave. Wall is constructed of 2 stacked 6"x8" PT timbers behind the sidewalk adjoining public property, with 8" to 9" exposed. The sidewalk was determined to have cosmetic cracking only so its repair was not estimated as part of this project. There are two areas of sidewalk needing repair around utility boxes  | \$6,000   |
| 40 | <b>Del Monte Grove English 200 Block Pavement Rehabilitation (DMG-5)</b><br>Includes English 200 block street segments to be reconstructed in addition to the various street segments being addressed by Measure P Funding   | \$42,000  |
| 41 | <b>Monterey Public Library Terrace Lighting Project (CW-31)</b><br>Design and install an exterior lighting system for the 2nd floor terrace at the Monterey Public Library.  | \$8,000   |

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**CUT-OFF PROJECT**

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- |   |   |           |
|---|---|-----------|
| 1 | <b>Cannery Row Worker Shacks, Restore and Repair (CW-12)</b><br>Repair damaged floors, walls, and ceilings of three historic Cannery Row worker cabins. Replace non compliant handrails and add metal stair nosing at wood steps. | \$147,000 |
|---|---|-----------|

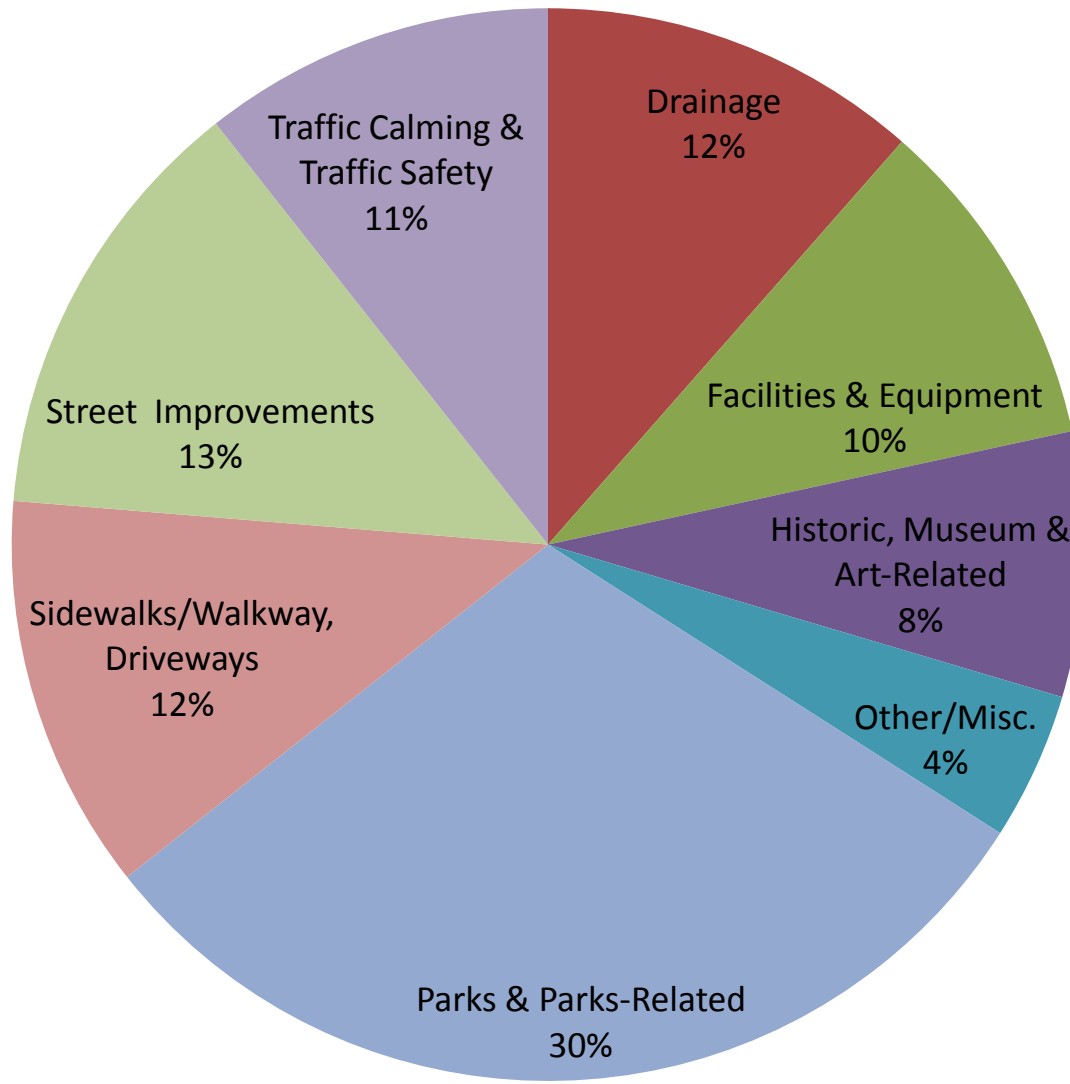
# Exhibit B

## Neighborhood Improvement Program

### Project Summary by Type & Neighborhood

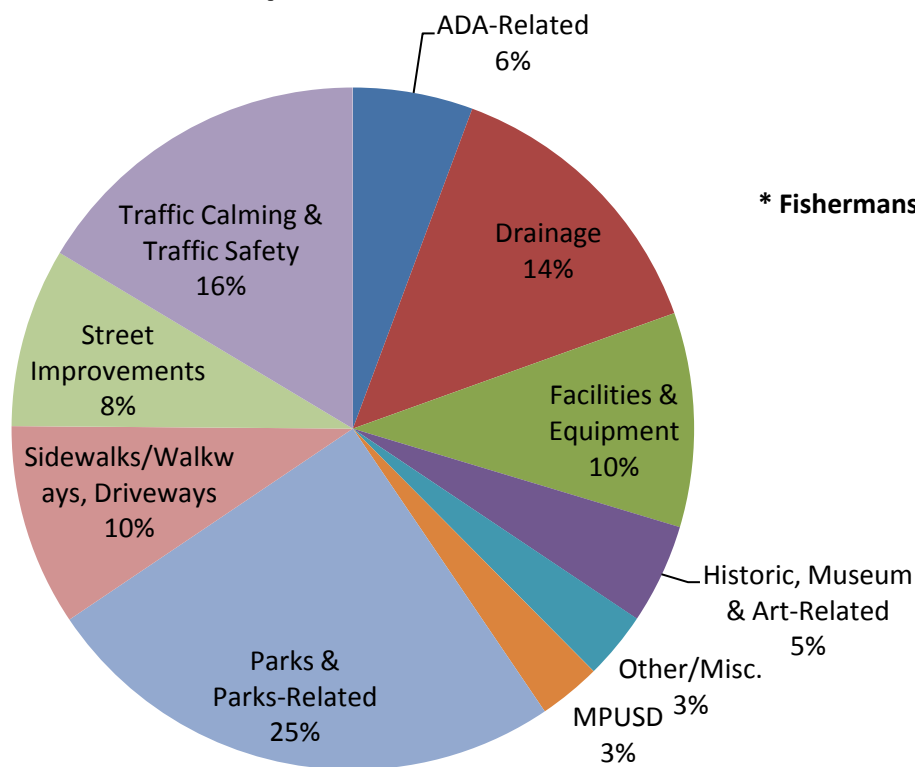
Project Type	Current 5 Years					Past 5 Years					10 year	
	FY 15/16	FY14/15	FY13/14	FY12/13	FY11/12	FY10/11	FY09/10	FY08/09	FY07/08	FY06/07	Total	%
ADA-Related	\$ -	\$290,000	\$252,000	\$448,000	\$74,700	\$ -	\$63,800	\$60,000	\$60,000	\$50,000	\$ 1,298,500	5.7%
Drainage	\$ 395,000	\$325,000	\$428,000	\$621,700	\$766,820	\$ 85,000	\$145,000	\$235,000	\$148,350	\$5,500	\$ 3,155,370	13.8%
Facilities & Equipment	\$ 348,750	\$140,500	\$301,200	\$98,500	\$156,100	\$ 463,590	\$459,090	\$ -	\$250,000	\$102,000	\$ 2,319,730	10.2%
Historic, Museum & Art-Related	\$ 275,000	\$145,000	\$140,000	\$ -	\$93,300	\$ 36,000	\$36,000	\$266,500	\$5,000	\$82,000	\$ 1,078,800	4.7%
Other/Misc.	\$ 153,200	\$ -	\$75,000	\$ -	\$15,400	\$ 200,000	\$227,000	\$ -	\$49,500	\$7,000	\$ 727,100	3.2%
MPUSD	\$ -	\$305,000	\$40,000	\$ -	\$ -	\$ 14,000	\$14,000	\$12,000	\$50,000	\$238,000	\$ 673,000	2.9%
Parks & Parks-Related	\$ 1,044,000	\$177,675	\$1,222,000	\$669,500	\$221,500	\$ 511,600	\$441,100	\$612,500	\$628,390	\$192,000	\$ 5,720,265	25.0%
Sidewalks/Walkways, Driveways	\$ 411,000	\$8,700	\$133,000	\$640,000	\$15,700	\$ -	\$65,000	\$631,000	\$150,190	\$130,000	\$ 2,184,590	9.6%
Street Improvements	\$ 450,000	\$515,000	\$40,000	\$19,000	\$ -	\$ 328,140	\$186,500	\$ -	\$ -	\$400,000	\$ 1,938,640	8.5%
Traffic Calming & Traffic Safety	\$ 366,000	\$543,000	\$162,000	\$279,000	\$634,700	\$ 71,800	\$72,640	\$155,000	\$829,000	\$632,000	\$ 3,745,140	16.4%
<b>Total</b>	<b>\$ 3,442,950</b>	<b>\$2,449,875</b>	<b>\$2,793,200</b>	<b>\$2,775,700</b>	<b>\$1,978,220</b>	<b>\$ 1,710,130</b>	<b>\$1,710,130</b>	<b>\$1,972,000</b>	<b>\$2,170,430</b>	<b>\$1,838,500</b>	<b>\$ 22,841,135</b>	<b>100%</b>
<i>Contingency</i>	<i>\$ 566,135</i>	<i>\$ 532,000</i>	<i>\$ -</i>	<i>\$ 18,515</i>	<i>\$ 200,000</i>	<i>\$ -</i>	<i>\$ 205,347</i>	<i>\$ 200,000</i>	<i>\$ 150,000</i>	<i>\$ 244,062</i>	<i>\$ 1,744,924</i>	
Neighborhood	FY 15/16	FY14/15	FY13/14	FY12/13	FY11/12	FY10/11	FY09/10	FY08/09	FY07/08	FY06/07	Total	%
Aguaquito Oaks	\$ 7,000	\$ -	\$ -	\$ 22,700.00	\$ 1,600.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,300.00	0.1%
Alta Mesa	\$ 41,000	\$ 2,175.00	\$ 25,000.00	\$ 78,000.00	\$ 25,000.00	\$ 40,000.00	\$ 40,000.00	\$ 25,000.00	\$ 25,000.00	\$ 95,000.00	\$ 396,175.00	1.7%
Casanova Oak-Knoll	\$ 206,700	\$ 12,000.00	\$ 92,000.00	\$ 280,500.00	\$ -	\$ 21,500.00	\$ 21,500.00	\$ 61,000.00	\$ 123,890.00	\$ 310,000.00	\$ 1,129,090.00	4.9%
Citywide	\$ 993,750	\$ 446,000.00	\$ 929,200.00	\$ 733,500.00	\$ 518,420.00	\$ 805,730.00	\$ 805,730.00	\$ 559,500.00	\$ 715,000.00	\$ 237,000.00	\$ 6,743,830.00	29.5%
Deer Flats	\$ 31,000	\$ 8,700.00	\$ -	\$ 51,500.00	\$ -	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 111,200.00	0.5%
Del Monte Beach	\$ 35,000	\$ 95,000.00	\$ 193,000.00	\$ 7,500.00	\$ 80,000.00	\$ 10,000.00	\$ 10,000.00	\$ 161,500.00	\$ -	\$ -	\$ 592,000.00	2.6%
Del Monte Grove/Laguna Grande	\$ 169,000	\$ 290,000.00	\$ 240,000.00	\$ 44,000.00	\$ 65,200.00	\$ -	\$ -	\$ 97,000.00	\$ 16,000.00	\$ -	\$ 921,200.00	4.0%
Downtown	\$ 22,000	\$ 50,000.00	\$ -	\$ -	\$ 17,000.00	\$ -	\$ -	\$ 5,000.00	\$ 1,190.00	\$ 7,000.00	\$ 102,190.00	0.4%
Fishermans Flats	\$ 18,000	\$ 250,000.00	\$ 85,000.00	\$ 91,000.00	\$ 26,500.00	\$ 60,000.00	\$ 60,000.00	\$ 50,000.00	\$ 2,500.00	\$ 175,000.00	\$ 818,000.00	3.6%
Glenwood	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00	\$ -	\$ -	\$ 5,000.00	\$ 9,350.00	\$ -	\$ 34,350.00	0.2%
Monterey Vista	\$ 421,000	\$ 295,000.00	\$ 93,000.00	\$ 252,000.00	\$ 356,100.00	\$ 203,500.00	\$ 203,500.00	\$ 256,500.00	\$ 191,000.00	\$ 137,000.00	\$ 2,408,600.00	10.5%
New Monterey	\$ 300,000	\$ 480,000.00	\$ 491,000.00	\$ 572,000.00	\$ 285,700.00	\$ 319,400.00	\$ 319,400.00	\$ 484,500.00	\$ 149,000.00	\$ 607,000.00	\$ 4,008,000.00	17.5%
Oak Grove	\$ 450,000	\$ -	\$ -	\$ 94,000.00	\$ 38,200.00	\$ -	\$ -	\$ 6,000.00	\$ 350,000.00	\$ 85,000.00	\$ 1,023,200.00	4.5%
Old Town	\$ 306,000	\$ 16,000.00	\$ 180,000.00	\$ 138,000.00	\$ 245,000.00	\$ 95,000.00	\$ 95,000.00	\$ 126,000.00	\$ 191,500.00	\$ 85,500.00	\$ 1,478,000.00	6.5%
Skyline Forest	\$ 200,000	\$ 375,000.00	\$ 335,000.00	\$ 285,000.00	\$ 142,000.00	\$ 110,000.00	\$ 110,000.00	\$ 125,000.00	\$ 57,000.00	\$ 50,000.00	\$ 1,789,000.00	7.8%
Skyline Ridge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Villa Del Monte	\$ 242,500	\$ 130,000.00	\$ 130,000.00	\$ 126,000.00	\$ 157,500.00	\$ 45,000.00	\$ 45,000.00	\$ -	\$ 329,000.00	\$ 50,000.00	\$ 1,255,000.00	5.5%
<b>Total</b>	<b>\$ 3,442,950</b>	<b>\$2,449,875</b>	<b>\$2,793,200</b>	<b>\$2,775,700</b>	<b>\$1,978,220</b>	<b>\$ 1,710,130</b>	<b>\$1,710,130</b>	<b>\$1,972,000</b>	<b>\$ 2,170,430</b>	<b>\$1,838,500</b>	<b>\$ 22,841,135</b>	<b>100%</b>

## NIP Projects by Type FY 2015/2016

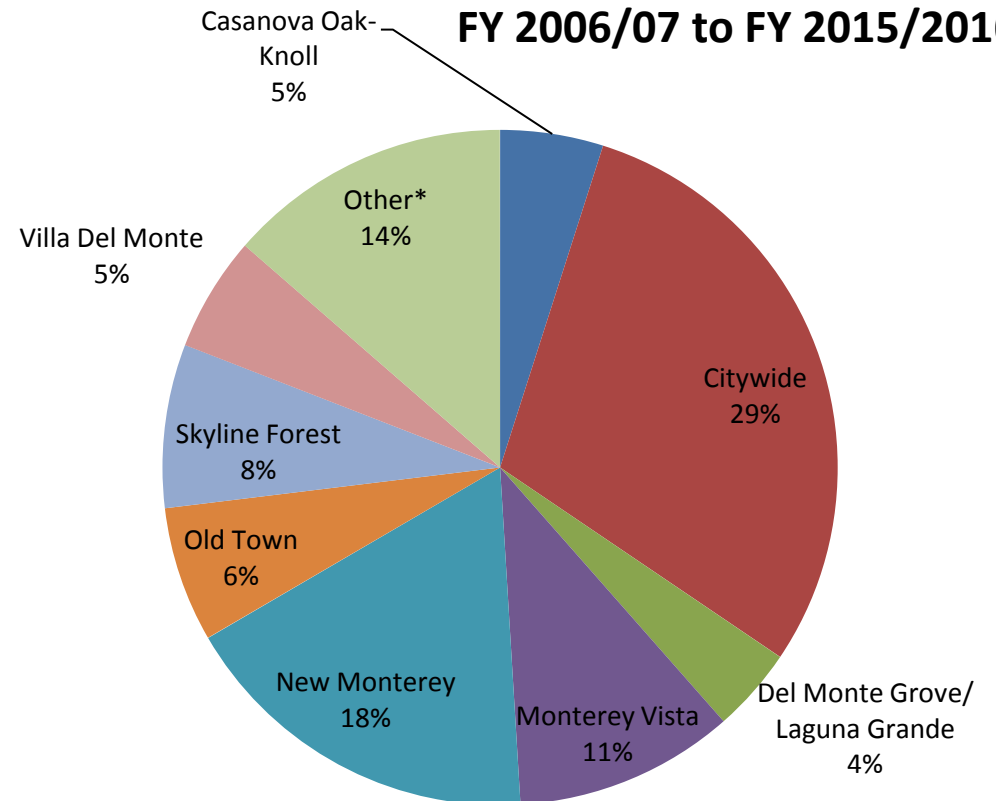


ADA—0%  
MPUSD – 0%

**NIP Projects by Type  
FY 2006/07 to FY 2015/2016**



**NIP Projects by Neighborhood  
FY 2006/07 to FY 2015/2016**



\* Fishermans Flats, Alta Mesa, Oak Grove, Del Monte Beach, Deer Flats, Downtown,





## Council Agenda Report

Date: June 16, 2015

Item No: 16.

**FROM:** City Manager Mike McCarthy  
Prepared By: Jimmy Forbis, Finance Director

**SUBJECT:** Adoption of FY 2015-16 and 2016-17 Budgets

### **RECOMMENDATION:**

That the City Council approve the attached resolution adopting the Fiscal Year 2015-16 and 16-17 Proposed Operating Budget (separate document).

### **POLICY IMPLICATIONS:**

The recommended actions are consistent with City Charter Section 6.3, and with established policy and procedures for adopting the annual budget.

### **FISCAL IMPLICATIONS:**

This action would adopt the proposed budget in FY 2015-16 for all funds totaling \$109,381,540 (\$65,388,089 General Fund) and FY 2016-17 of \$107,922,900 (\$66,737,463 General Fund).

### **ENVIRONMENTAL DETERMINATION:**

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

### **ALTERNATIVES CONSIDERED:**

The Council could approve the staff recommended appropriations, choose to appropriate different amounts, or choose to remove items from the budget.

### **DISCUSSION:**

As presented at the May 27, 2015 City Council Study Session, the FY 15-16 and 16-17 budgets included assumptions that the Council will need to consider. Each is a decision point that affects the overall financial health of the City; however, they are indeed policy decisions.

1. Contribution to Monterey County Convention and Visitors Bureau
  - This proposed budget assumes no change in the contribution amount from FY 14-15 (much like our projections for TOT), which was \$1,054,998. This is not unprecedented as the City held flat its contribution to the MCCVB in FY 2009-10. However, past Council policy has been to keep it at 6% of the previous year's hotel tax collections, which would result in an increase of \$104,305. Staff is seeking Council guidance on the appropriate contribution for the biennial budget.
2. Ambassador Security Program
  - The current program funded private security patrols in the downtown area both through direct City contracting with private security, and through a grant to the Old Monterey Business Association. In FY 14-15, the program cost was \$78,288, which was funded out of salary savings from the Police Department. The FY 15-16 and 16-17 budgets include no funds for this program. The City also anticipates requests of \$100,000 from Cannery Row Business District for funding its security program, and potentially from other commercial areas. Staff seeks guidance from Council whether they want to continue this program, and if so, at what level.
3. Water Authority Contribution
  - The City's contribution to the Monterey Peninsula Regional Water Authority (MPRWA) budget of \$390,000 is estimated at \$128,700 for FY 15-16. Monterey's share would be \$57,000 due to credits received in FY 14-15; however an additional estimated FY 14-15 savings of \$15,000 is expected, thus the City's contribution is budgeted at \$42,000 in FY 15-16 and assumes that Monterey will remain a member of the MPRWA.
4. Noise Abatement Funds for County Fairgrounds
  - Since 1988, the City has received 0.33 of 1% of the total pari-mutuel wagers made at the Monterey County Fair and Event Center which amounts to approximately \$15,000 in annual revenue. The Fairgrounds has requested that the City return those funds to offset their costs for required noise abatement which they have estimated to cost \$22,000 annually.
5. Non-Profit Requests
  - The City has received requests from various community organizations (attachment 6) that are either for monetary donations and/or in-kind services. The total amount requested in monetary donations is \$46,500.

In addition to the aforementioned decision points, the City proposes to use \$1.25 million of one-time fund balance and \$750,000 in Capital Improvement Program funds to finance the Portola Plaza renovation as part of the Conference Center renovation. The total project costs are estimated at approximately \$3 million, with \$2 million from the General Fund and up to \$1 million from the Conference Center Facilities District (CCFD) bond issuance - a contribution that would otherwise be used to restore the Portola Plaza to pre-construction conditions rather than contribute to the proposed Portola Plaza upgrades. CCFD revenues cannot be used as the district was formed to only finance facilities that comprise any portion of the existing Monterey Conference Center.

The adopted budget includes a \$1.575 million contribution to the Capital Improvement Program each fiscal year. The Council does have the option to assign these general fund dollars to reserves to later be used for capital improvement projects, thus earmarking those funds for project use while retaining the ability to decide specific projects or Council could use those funds other purposes.

Council has previously discussed utilizing the one-time fund balance for addressing the City's California Public Employees' Retirement System (CalPERS) public safety side fund liability that is approximately \$13 million. Refinancing the side fund is now possible as the City needed to first complete the \$45 million debt issuance for the Conference Center Facilities District (CCFD) which was finished on May 19, 2015.

As part of the budget process, a Council Study Session on May 27 and a Community Budget Workshop was held on June 4, 2015 (a summary is provided in Attachment 5).

A detailed discussion of the proposed operating budget plan is provided in the Proposed Budget document (Attachment 3).

Only one revision to the Proposed Budget since the initial presentation on May 27th is included in Attachment 2. Administrative support fees for various special funds have been calculated and are now included.

MM/jf

Attachments: Attachment 1: Draft resolution  
Attachment 2: Budget revisions  
Attachment 3: Proposed budget document  
Attachment 4: Questions/answers from budget study session  
Attachment 5: Summary from June 4, 2015 community budget workshop  
Attachment 6: Non-profit/community group requests

**RESOLUTION NO. \_\_\_\_ - \_\_\_\_ C.S.**

Date: June 16, 2015

Item No: 16.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**ADOPT THE 2015-16 AND 2016-17 OPERATING BUDGETS OF THE CITY OF MONTEREY**

WHEREAS, the proposed operating budget of the City of Monterey for the fiscal years 2015-16 and 2016-17 was prepared and submitted to the City Council by the City Manager in accordance with Section 6.3 of the City Charter; and

WHEREAS, the City Council reviewed the proposed operating budget and thereafter caused a public appearance to be held concerning the budget;

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby adopts and approves the Proposed Operating Budget for 2015-16 and 2016-17 containing information as required in Section 6.3 of the Monterey City Charter, as amended by the City Council, as the budget of the City of Monterey in the following amounts:

**FY 2015-16**

Operating Budget – General Fund	\$ 65,388,089
Operating Budget – Special Funds	<u>43,930,451</u>
Total Operating Budget	\$109,318,540

**FY 2016-17**

Operating Budget – General Fund	\$ 66,737,463
Operating Budget – Special Funds	<u>41,185,436</u>
Total Operating Budget	\$107,922,900

A copy of said budget, as modified and amended, is on file in the office of the City Clerk and is hereby referred to for further particulars.

BE IT FURTHER RESOLVED THAT monies may be transferred from one account to another with the approval of the City Manager or his designee, except for the following transfers which may be made only with the approval of the City Council:

- a. Transfers to or from Special Funds where state or federal regulations require Council approval;
- b. Transfers from unappropriated reserves or fund balances.

BE IT FURTHER RESOLVED THAT sixteen (16%) of the total projected revenue from Transient Occupancy Taxes is hereby appropriated in the amount of \$3,244,385 for use in the Neighborhood Improvement Program for 2015-16. This amount is the total appropriation from which all applicable City administration and program expenses will be deducted as appropriate.

BE IT FURTHER RESOLVED THAT the following reserve is hereby approved and the monies therein appropriated for operational contingencies in both FY 2015-16 and FY 2016-17 as approved by the City Manager or Finance Director:

- |  |           |
|--|-----------|
| 1. Reserve for Operational Contingencies | \$250,000 |
|--|-----------|

BE IT FURTHER RESOLVED THAT the proposed transfers included in the Interfund Transfers schedule that is part of the 2015-16 and 2016-17 Proposed Operating Budgets as amended are hereby adopted and approved; and that the Finance Director is hereby authorized to make administrative budget adjustments to the schedule as deemed necessary;

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_\_ day of \_\_\_\_\_, 201\_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

\_\_\_\_\_  
Mayor of said City

\_\_\_\_\_  
City Clerk thereof

**SUMMARY OF EXPENDITURES AND TRANSFERS OUT***Revised to include Administrative Support Fees*

	<b>2015-16 Proposed Budget</b>	<b>2015-16 Revised</b>	<b>2016-17 Proposed Budget</b>	<b>2016-17 Revised</b>
<b>Special Revenue Funds</b>				
270 Community Development Block Grant	1,093,563	1,143,168	315,842	366,439
279 Sewer Line Maintenance	2,263,454	2,347,062	2,294,223	2,379,503
280 Storm Water Utility	1,157,200	1,245,403	1,176,457	1,266,424
<b>Enterprise Funds</b>				
600 Marina	2,016,479	2,192,828	1,987,800	2,167,676
610 Cemetery	186,158	210,431	188,699	213,457
625 Parking	7,468,427	8,071,990	7,539,391	8,155,025
650 Presidio of Monterey Public Works	7,251,781	8,401,781	7,379,553	8,552,553
<b>Internal Service Funds</b>				
708 Vehicle Maintenance	1,910,016	2,026,606	1,870,571	1,989,493



# City of Monterey

## Proposed Operating Budget 2015-17 Biennium

Fiscal Year 2016 and Fiscal Year 2017





# City of Monterey

## Proposed Operating Budget 2015-17 Biennium

### City Council

Mayor Clyde Roberson  
Timothy Barrett · Libby Downey · Alan Haffa · Ed Smith

### Principal Administrative Officers

City Manager .....	Michael McCarthy
Assistant City Manager .....	Hans Uslar
City Attorney .....	Christine Davi
Community Services Director.....	Kim Bui-Burton
Deputy City Manager, Plans and Public Works.....	Danial Pick
Director of Information Resources/City Clerk .....	Bonnie Gawf
Finance Director .....	Jimmy Forbis
Fire Chief .....	Gaudenz Panholzer
Library Director .....	William Michael
Interim Human Resources Director .....	Joanne Narloch
Interim Police Chief .....	Dave Hober

### Finance Budget Team

Jimmy Forbis · Julie Porter · Carol Bouchard  
Erika Martinez · Wendy Davies · Rachel Nolin



All photos in this document are provided courtesy of the City of Monterey's Communications & Outreach Office.

# City of Monterey

## Proposed Operating Budget 2015-17 Biennium

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# Council Agenda Report

Date: &lt;MEETING\_DATE&gt;

Item No: &lt;#&gt;

**FROM:** Michael McCarthy, City Manager  
Prepared by: Jimmy Forbis, Finance Director

**SUBJECT:** Presentation of the FY 15-17 Recommended Budget

## RECOMMENDATION:

That the City Council receive a report on the City Manager's budget recommendations and direct staff to incorporate Council feedback into the budget for the June 16, 2015 City Council meeting when the Council will consider adoption.

## POLICY IMPLICATIONS:

This action supports Council's value driver of "ensuring a level of economic vitality sufficient to support our quality of life and municipal infrastructure requirements." This action also supports Council's strategic initiative that the City Manager ensures that there is a long-term revenue/expenditure balance in the City's operating budget and that the City Manager develop an infrastructure re-capitalization strategy.

## FISCAL IMPLICATIONS:

None at this time. At the June 16, 2015 meeting, Council will be asked to adopt the FY 15-17 budget which will execute the City's two-year spending plan.

## ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines Section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary street infrastructure rehabilitation projects that may be funded using sales tax revenue received from the referenced special transactions and use tax resulting from this action will be assessed for CEQA applicability.

Lastly, CEQA Guidelines Section 15378 (b) (4) specifically states that the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project as 'not a project.'

**ALTERNATIVES CONSIDERED:**

None to consider.

**DISCUSSION:**

This two-year budget balances improvements in the local economy with caution due to the unknown economic impact of the Conference Center renovation. Even with our conservative approach to City finances, the budget contains good news for our City and our citizens, including the following highlights:

- \$3.2 million one-time surplus in the ending fund balance
- Better streets are coming to Monterey thanks to Measure P street repairs and maintenance, which is now underway across the City
- \$45 million in funding has been secured for the Conference Center renovation
- The Neighborhood Improvement Program is receiving over \$3 million for projects in City neighborhoods
- The Library is open seven days a week with funding in the budget rather than reliance on one-time money
- Four public safety positions are added in the police and fire departments to address public safety concerns and help reduce fire overtime
- Modest increases in department operating budgets after years of reductions
- Increased funding and focus towards community events and initiatives (e.g. Fourth of July, Easter Egg Hunt, Community Emergency Response Team)

The City Manager's recommended budget is presented as a biennial, two-year budget with the following benefits:

1. Reinforce the City's commitment to long-term fiscal health by looking beyond a single year.
2. Integrate a greater amount of strategizing into the process.
3. Allow Council to evaluate a greater sample of data.
4. Expand Council's role beyond simply "adopting and balancing" an annual budget by taking a strategic long-term look at the City's fiscal performance and plan.
5. Improve the budget document that includes program plans, performance measures, and long-term financial plans.

At the June 16, 2015 meeting Council will have the opportunity to adopt both the FY 15-16 and FY 16-17 budgets. There is no change in the City's approach to financial reporting and compliance. The most significant change from previous budget years will be that the City's Finance Department will not produce an annual budget document, but will continue to provide quarterly, mid-year, and year-end reports to Council. The City will also receive an annual audit and produce a Comprehensive Annual Financial Report (CAFR).

**Fiscal Health of the General Fund**

### **Year End Fund Balance FY 14-15**

At the end of FY 14-15, the City projects to have a fund balance of over \$3.2 million, of which \$1.7 million was in FY 13-14 year-end fund balance. The additional \$1.5 million in FY 14-15 year-end balance is due primarily higher than expected revenues from Transient Occupancy Taxes (TOT) and property taxes. This one-time surplus is timely as these funds will enable one-time infrastructure investments in FY 15-16 and permit the City to absorb a forecasted one-year negative operating margin in FY 16-17.

At the end of FY 14-15, the City's Economic Uncertainty Reserve is forecasted to remain at 13.5% of total net operating expenditures. The City has an adopted policy of maintaining 15% of reserves; however, this policy will be re-visited during FY 15-16 as the Finance Department will conduct a "right-sizing" analysis of the City's reserves to best determine the appropriate level of fund balance the City should allocate for unforeseen events. The City, utilizing a practice recommended by the Government Finance Officers Association (GFOA), will look at the City's reserve policy from a risk-management point of view by evaluating the volatility of our revenues while analyzing our expenditures and liabilities. Please recall that the City's Economic Uncertainty Reserve was at 10% just last year, at which point Council approved to increase it to 13.5%.

### **FY 15-17 Revenues**

The City's overall revenues for FY 15-16 are \$125.0 million with \$67.8 million in the General Fund with the remaining \$57.2 million distributed between the City's special revenue, debt service, enterprise (Marina, Cemetery, Park, Presidio), internal service (vehicle maintenance, information services), and agency funds (Conference Center Facilities District). FY 16-17 revenues are budgeted at \$127.1 million, with \$68.5 million in the General Fund.

The Finance Department projects relatively flat revenues in the City's three main revenue sources sales tax, property tax, and TOT. TOT and sales tax are directly correlated to Conference Center activities, which are expected to be down during the Conference Center renovation project.

The City's largest discretionary revenue source is TOT, which is estimated at approximately \$17 million in the General Fund for both FY 15-16 and 16-17 (16% of the total TOT collected is allocated to the Neighborhood Improvement Program and is not discretionary revenue). By comparison, property tax is approximately \$10.0 million in FY 15-16 and \$10.1 million in FY 16-17. Sales tax (including Measure P's 1% sales and use tax) is estimated at approximately \$17.8 million in FY 15-16 and \$17.7 million in FY 16-17. This drop of \$100,000 is not a reflection of the City's economy, but is due to a state accounting practice known as the "triple flip" – a mechanism the state used to repay state fiscal recovery bonds pursuant to Proposition 57 that will end in 2016.

The City relies on revenue that is more sensitive to economic and environmental changes. For this reason, the City takes a conservative approach to forecasting both TOT and sales tax in FY 15-16 and FY 16-17. This conservative revenue estimate results in a negative operating margin in FY 16-17. The Conference Center renovation schedule anticipates a reopening of the first floor by late summer 2016 with a grand opening in early 2017 – the five-year forecast reflects the conservative revenue forecast coupled with an economic rebound in FY 17-18.

### **FY 15-17 Expenditures**

The City's FY 15-16 expenditure plan is \$109.2 million with \$65.4 in the General Fund and the remaining \$43.8 million distributed between the City's special revenue, debt service, enterprise (Marina, Cemetery, Park, Presidio), internal service (vehicle maintenance, information services), and agency funds (Conference Center Facilities District). For FY 16-17, the expenditure plan is \$107.8 million with \$66.8 million in the General Fund.

The development of the budget began in January 2015, and as a result of that process three significant policy areas are addressed in the City Manager's Recommended Budget:

1. The City must show Fiscal Responsibility and Sustainability during the Conference Center renovation.
2. The City should Invest in Public Safety
3. The City should Invest in Infrastructure

The recommended budget includes modest increases due to modest cost increases in most operating departments. Items that add to each department's base budget are included as recommended supplemental items. In FY 15-16 the General Fund contains approximately \$330,000 of ongoing costs, with an additional \$78,000 in FY16-17, which are included in the recommended budget. A list of all General Fund and non-General Fund supplemental requests is included in attachment 1.

A significant cost increase which adds to operational budgets in FY 16-17 is the increase in contribution rates for the California Public Employees' Retirement System (CalPERS). This alone, in FY 16-17 will increase the City's General Fund base budget by \$1.1 million from FY 15-16. CalPERS has changed several of its methodologies over the past few years to recognize the fact that people are living longer, thus benefits are extended beyond its original projections, as well as a decision to more quickly adjust to gains and losses in the market.



<b>General Fund Budget Adjustments</b>		
<b>Ongoing Supplemental Budget Requests</b>		
	<b>FY 15-16</b>	<b>FY 16-17</b>
Police Services Tech (Jan 2016)	44,732.00	94,500.13
Legal Oversight	50,000.00	50,000.00
Credit Card Fees	53,500.00	53,500.00
PD Admin Reclass	(5,688.00)	(5,688.00)
Fire SCBA Ancillary Eqpm	17,300.00	17,300.00
ADA Transition Plan (partial)	3,000.00	3,000.00
4th July Musical Entertaining Increase	1,500.00	1,500.00
Easter Egg Hunt	6,268.00	6,268.00
Bayview Academy Afterschool Program	8,677.00	11,908.00
Reinstate Real Estate Analyst	112,534.38	119,057.11
Council Fee Waivers/Events	30,000.00	30,000.00
Human Resources Director (GF portion)	(3,367.64)	(9,879.79)
Fire OT/Staffing Add	-	22,005.50
USAR Program	15,000.00	15,000.00
	333,455.74	408,470.95
<b>Freeze Funding For:</b>		
Police Lieutenant*	(193,342.80)	(206,646.00)
	(193,342.80)	(206,646.00)
<b>Total Ongoing Costs</b>	<b>140,112.94</b>	<b>201,824.95</b>
<b>One-time Costs</b>		
<i>Elections</i>		65,000.00
ISD Supplementals	149,200.00	24,000.00
<b>Total One-Time Costs</b>	<b>149,200.00</b>	<b>89,000.00</b>

\*Funding for frozen Police Lieutenant position will be used to offset costs of two additional Police Officers beginning in FY 17-18.

As employee costs continue to rise, the City has eliminated or frozen vacant positions. The FY 15-16 and FY 16-17 budgets reflect over \$776,000 and \$820,000, respectively, in savings by freezing the positions in the following chart. In FY 14-15, the City also significantly reduced fleet vehicles which resulted in \$100,000 in funds previously set aside by the General Fund (\$300,000 in other funds) that can be utilized for other vehicle needs, and expects save \$11,000 ongoing in the General Fund (\$15,000 in other funds).

<b>Current Frozen Positions</b>			
<b>Title</b>	<b>FY 15-16 Savings</b>		<b>FY 16-17 Savings</b>
Assistant Dir Plans & PW	\$	188,929.20	\$ 200,638.30
Sr. Street Maint. Worker		94,324.05	95,862.44
Signal Maint. Technician		101,262.00	107,226.14
Park Maint. Supervisor		103,338.66	109,447.35
Pest Control Advisor		95,504.66	101,111.89
Police Lieutenant		193,342.80	206,646.00
<b>Total Frozen Position Savings</b>	<b>\$</b>	<b>776,701.37</b>	<b>\$ 820,932.12</b>

### **Fiscal Responsibility and Sustainability through the Conference Center Renovation**

The Conference Center renovation is one of the largest financial and infrastructure investments the City has made in quite some time. The \$45 million capital project is financed by the Conference Center Facilities District (CCFD) through a bond issuance that is secured by special taxes levied on all owners of hotel property within the boundary of the CCFD.

The Conference Center remains one of the City's largest economic drivers as group and leisure use of the facility generates substantial amounts of sales tax and TOT. During the construction period, there will be significant disruption to the area and an impact to revenues; however the amount of disruption is difficult to forecast and as such the budget has included a conservative estimate of no growth of TOT through 2016-17 with resumed growth in calendar year 2018. This conservative approach will result in a negative operating margin of approximately \$1,000,000 – a situation that is unusual and not forecasted to be ongoing as the City expects to return to positive operating margins beginning in FY 17-18.

### **Invest in Public Safety**

The Recommended Budget includes the addition of four public safety positions in the biennial budget, and forecasts the addition of two police positions in FY17-18.

The Police Department budget will add one non-sworn position at a Police Services Technician level in FY 15-16. The addition of two Police Officers in FY17-18 is included in the five-year forecast; staff will recommend filling these positions sooner if the department reaches full staffing and staff identifies additional funding prior to FY 17-18.. The addition of these positions will allow the Police Department to improve police service levels, enhance problem solving community policing programs and potentially reduce overtime. Specifically, the two sworn officers will be added to the Community Action Team to ensure more attention is devoted to problem solving efforts, including more presence in old town, along the waterfront and on the beaches. Additionally, with more personnel, the Police Department will have more resources to draw from to staff special events. The additional non-sworn position could allow for additional customer service in the records division, which assists the public when they come to the Police Department, or provide additional service in the field in non-emergency situations.

As the City has seen a rise in Fire personnel overtime (\$1.4 million total spent in FY 14-15), the FY 15-17 budget incorporates a plan to lower overtime costs by adding three firefighters. It is expected that the addition of these positions will provide more permanent, full-time staff that

may reduce the need for overtime. The City has been able to fund six positions utilizing proceeds from a Staffing for Adequate Fire and Emergency Response (SAFER) Grant. Those funds will run out in FY 14-15 (though the City is in the process of seeking an extension of this grant). The proposed three “relief” personnel provide a pool of firefighters that fill vacancies created by leave use reducing the need to hire overtime personnel. These positions, coupled with the recommendations from the outside consultants report due in August will provide options for the City to consider as it works through solving the problem of growing firefighter overtime costs. The City and Firefighter unions are in collaborative discussions to seek ways to reduce overtime costs as well. The FY 15-16 recommended budget includes a reduced amount for overtime (from \$1.4 million to \$683,000) but this amount will need to be analyzed early in the fiscal year and a subsequent budget recommendation will be forthcoming during the mid-year budget review, as staff assesses methods to reduce overtime and reviews vacancy levels.

### **Invest in Infrastructure**

The City continues to address its aging infrastructure and has made significant progress in this area.

- Our Sewer system is in the midst of a complete rehabilitation
- With the passage of Measure P, our streets and sidewalks are being significantly upgraded
- Over 1400 ADA compliant sidewalks ramps will be installed
- Over \$7.5M will be spent in the North Fremont Business District funding through grants, NIP, and general fund dollars
- The Conference Center will begin a complete renovation later this year
- Colton Hall recently received a new roof; the Monterey Library roof is funded and in design
- The City is partnering with other local agencies to address and improve traffic flow on Holman Highway through a roundabout
- Through the assistance of NIP, many of our recreational areas either have been or will be upgraded (e.g. Laguna Grande Soccer Field)
- Additional restroom capacity was added at the Transit Plaza, and plans are in place to rehabilitate the Wharf 2 restroom

As previously mentioned, the Conference Center renovation is a significant step in preparing our facilities for future use. In November 2014, the voters of Monterey passed Measure P – a one cent per dollar sales tax increase for four years – which will provide over \$32 million in funds for addressing the needs of our streets, sidewalks, storm drains, and related Americans with Disabilities Act (ADA) improvements. Measure P is a significant source of funding to repair the City’s deteriorated streets. However, there is only \$1.575 million per year from the General Fund available for other Capital Improvement Program (CIP) projects, including buildings, information services, parks, trails, storm drains, and other facilities.

		FY 15-16	FY 16-17	Description
	<b>GENERAL FUND</b>			
1	Portola Plaza	\$750,000		Partial Funding to complete the remodel of Portola Plaza- Total project estimate is \$3,000,000.
2	Sidewalk Repair	\$80,000	\$320,000	Funding for sidewalks and curb repairs that are the City's responsibility.
3	Police Station Electrical Panel		\$90,000	Replace aged electrical panel in the basement at the Police Station.
4	Tunnel Electrical Panel		\$160,000	Replace aged electrical panel and two control panels at the tunnel.
5	Del Monte Rule 20A		\$225,000	This will fund the City's portion of the Del Monte Rule 20A project to underground overhead utility lines. (Camino El Estero to Park Ave).
6	ADA Facility Upgrades	\$50,000	\$50,000	This project will address ADA compliance issues at various facilities within the City. This is not sufficient funding to address all of the issues, it will be used to address needs as they arise.
7	Transfer to Storm Water project	\$75,000		Transfer to fund Storm Water project(s).
8	Wharf 1 Trash Compactor		\$175,000	Funds required to augment the project budget. Existing funding is \$325,000. total project estimate is \$500,000.
9	951 Del Monte	\$355,000	\$100,000	Partial funding to implement clean up and remediation of groundwater contamination at City-owned property at 951 Del Monte Avenue.
10	Custom House Plaza Fountain Re	\$130,000		
11	Frank Sollecito Ball Park (matching funds)		\$300,000	Provide matching funds to a private donation for improvements to the ball field.
12	Information Services Projects	\$135,000	\$24,000	Hansen modules and maintenance. Scanning capabilities.
13	CIP Contingency		\$131,000	Due to existing backlog, several projects no longer have sufficient funding to complete. This project will provide funding to complete projects those that were estimated several years ago or have extenuating circumstances that require additional funding to complete.
	<b>Annual Total</b>	\$1,575,000	\$1,575,000	
	<b>Total General Fund:</b>		<b>\$3,150,000</b>	

With Council approval, staff has identified approximately \$1 million in presently General Fund projects that may be reallocated to the Tidelands Fund, which will free up existing General Fund dollars for a reserve for future infrastructure needs.

As part of staff recommendation, the City would also use \$1.25 million of one-time fund balance to finance the Portola Plaza renovation – as part of the Conference Center renovation. The total project costs are estimated at approximately \$3 million, with \$2 million from the General Fund and \$1 million from the Conference Center Facilities District (CCFD) bond issuance - a contribution that would otherwise be used to restore the Portola Plaza to pre-construction conditions rather than contribute to the proposed Portola Plaza upgrades. CCFD revenues cannot be used as the district was formed to only finance facilities that comprise any portion of the existing Monterey Conference Center.

<b>Total Cost</b>	<b>\$3,000,000</b>
<b>Funding:</b>	
<i>General Fund ending balance</i>	\$1,250,000
<i>Capital Improvement Program</i>	\$750,000
<i>CCFD</i>	\$1,000,000

The City will begin a significant investment in Information Services Department (ISD) infrastructure by utilizing accumulated fund balance and a one-time transfer of funds in the City's "Institutional Network Fund." The two-year budget includes approximately \$1.2 million in ISD-related projects; however, an ongoing funding source is needed to support the estimated

\$700,000 annual investment for infrastructure. A detailed explanation of the City's information services infrastructure needs is included in attachment 2.

### **Five-Year Forecast**

The City's five-year forecast represents the continued economic recovery from the great recession of 2008, and FY 14-15 and FY 15-16 reflect a healthy financial condition. Normally, FY 16-17 would be expected to have the same fiscal status, however the Conference Center renovation poses significant risk for the City's revenue stream and the worst-case scenario is illustrated in the chart below. Should the City experience flat revenues during the renovation, then we will operate with a negative margin and utilize fund balance to continue the same service levels. In addition to flat revenues in FY 15-16 and 16-17, the City's contributions to the California Public Employees Retirement System (CalPERS) are expected to grow by over \$1.1 million in that same fiscal year.

Recommending an operating budget with a negative operating margin and the use of one-time fund balance to bridge that gap is not a typical approach in municipal finance and one that would not be recommend under normal circumstances; however the Conference Center is a key economic driver in the City and its renovation will eventually provide greater revenues as is forecasted in FY 17-18 and FY 18-19. Even with this one-time use of fund balance, the City will still maintain an economic uncertainty percentage of 13.5% (current policy is 15% of expenditures). It should be noted that as recently as FY 13-14 the City's economic uncertainty fund was at 10% of operating expenditures.

#### **General Fund Five-Year Forecast**

(in millions of dollars)

	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	Year-End Projection	Recommended Budget	Recommended Budget	Forecast	Forecast
<i>Beginning Balance</i>	2.1	3.3	1.9	0.5	0.3
Revenues and Transfers In	68.1	67.8	68.5	71.0	72.9
Expenditures and Transfers Out	(67.0)	(67.6)	(69.5)	(71.0)	(72.5)
<i>Econ Uncertainty/Non-Op Transfers</i>		(1.6)	(0.4)	(0.2)	(0.2)
<i>Ending Balance</i>	3.3	1.9	0.5	0.3	0.5
<i>Fund Balance %</i>	13.3%	13.5%	13.5%	13.5%	13.5%
<b>Operating Margin</b>	<b>1.1</b>	<b>0.3</b>	<b>(1.0)</b>	<b>0.1</b>	<b>0.4</b>

### **Budget Decision Points for Council**

The FY 15-16 and 17-18 budgets include assumptions that the Council will need to consider. Each is a decision point that affects the overall financial health of the City, however, they are indeed policy decisions.

1. Contribution to Monterey County Convention and Visitors Bureau
  - This proposed budget assumes no change in the contribution amount from FY 14-15 (much like our projections for TOT), which was \$1,054,9980. This is not unprecedented as the City held flat its contribution to the MCCVB in FY 2009-10. However, past Council policy has been to keep it at 6% of the previous year's hotel tax collections. Staff is seeking Council guidance on the appropriate contribution for the biennial budget.

## 2. Ambassador Security Program

- The current program funded private security patrols in the downtown area. In FY 14-15 the program cost was \$42,000, which was funded out of salary savings from the Police Department. The FY 15-16 and 16-17 budgets include no funds for this program. The City anticipates requests of \$100,000 from Cannery Row Business District for funding the security program, and potentially from other commercial areas. Staff seeks guidance from Council whether they want to continue this program, and if so, at what level.

## 3. Water Authority Contribution

- The City's contribution to the Monterey Peninsula Regional Water Authority (MPRWA) budget of \$390,000 is estimated at \$128,700 for FY 15-16. Monterey's share would be \$57,000 due to overpayments in FY 14-15; however an additional estimated FY 14-15 savings of \$15,000 is expected, thus the City's contribution is budgeted at \$42,000 in FY 15-16 and assumes that Monterey will remain a member of the MPRWA.

## 4. Noise Abatement Funds for County Fairgrounds

- Since 1988, the City has received 0.33 of 1% of the total pari-mutuel wagers made at the Monterey County Fair and Event Center which amounts to approximately \$15,000 in annual revenue. The Fairgrounds has requested that the City return those funds to offset their costs for required noise abatement which they have estimated to cost \$22,000 annually.

## **Personnel Adjustments**

The Recommended Budget includes a decrease of 3.42 full-time and regular part-time (RPT) equivalent positions compared to the FY14-15 Amended Budget. This decrease from 484.17 to 480.75 is mainly due to completion of the Assistance to Firefighter Grant, which funded six firefighter positions for two years. The Fire Department will retain three firefighter positions funded through reductions in overtime. These firefighter positions fill "relief firefighter" roles to backfill for training, scheduled time off, and other unanticipated vacancies, which otherwise would require overtime staffing. This adjustment, as referenced above, is part of the City's efforts to reduce firefighter overtime costs.

The City Manager's Office eliminated a vacant Citywide Events Coordinator (.50 FTE), reduced the Sr. Executive Assistant position to an Executive Assistant I (.50 FTE) and increased the Media Assistant from .75 FTE to 1.0 FTE. The Media Assistant position has become an integral and important element of the City's community outreach. These position changes resulted in savings to the department, which was reallocated to community outreach on major projects.

The Police department added a Police Services Technician, effective the second half of FY 15-16. This additional position will be funded by savings from freezing the Police Lieutenant position.

The Plans and Public Works department requested an extension to June 30, 2019 of the Public Works Inspector and Engineering Technician contract positions to provide resources to reduce the significant backlog of previously-funded CIP and NIP projects, and to meet the workload challenges of the Presidio Municipal Services Agency/BASEOPS contract projects. Lastly, the Property Management division, also under Plans and Public Works, is proposing to unfreeze the Real Estate Analyst position for a period of two years.

The Human Resources department recommends adding a full-time HR Director, offset by the elimination of the Human Resources Analyst position and the use of worker's compensation fund reserves. The General Fund will begin contributing to the funding of this position in FY 17-18.

The most significant change in personnel cost continues to be the cost of employer contributions for the pensions of miscellaneous and public safety employees covered under the California Public Employees Retirement System (CalPERS). City's pension contribution rates to CalPERS have increased during the last ten years and are expected to continue to rise significantly in the years to come. In comparison to the FY 14-15 Amended Budget, citywide pension costs are projected to increase by approximately \$692,000, or 7.14%, from \$9.7 million to \$10.4 million in FY 15-16. In the Fiscal Year 16-17 Recommended Budget, pension costs are projected to increase by \$1.1 million, or 10.72 percent, from \$10.4 million to \$11.5 million. The chart below illustrates the CalPERS contribution rates that are forecasted in FY 15-16 and FY 16-17.

<b>FY 15/16</b>	<b>1st Tier (Classic)</b>	<b>CalPERS Employer Rate</b>	<b>Employer Cost- Sharing</b>	<b>Adjusted Employer Rate</b>	<b>2nd Tier (PEPRA)</b>	<b>CalPERS Employer Rate</b>	<b>Employer Cost- Sharing</b>	<b>Adjusted Employer Rate</b>
Miscellaneous	2.7% @ 55	25.766%	-3%	22.766%	2% @ 62	25.766%	0%	25.766%
Safety-Police	3% @ 50	35.852%	0%	35.852%	2.7% @ 57	11.153%	0%	11.153%
Safety-Fire	3% @ 50	35.852%	-4%	31.852%	2.7% @ 57	11.153%	0%	11.153%

<b>Projected FY 16/17</b>	<b>1st Tier (Classic)</b>	<b>CalPERS Employer Rate</b>	<b>Employer Cost- Sharing</b>	<b>Adjusted Employer Rate</b>	<b>2nd Tier (PEPRA)</b>	<b>CalPERS Employer Rate</b>	<b>Employer Cost- Sharing</b>	<b>Adjusted Employer Rate</b>
Miscellaneous	2.7% @ 55	27.700%	-3%	24.700%	2% @ 62	27.700%	0%	27.700%
Safety-Police	3% @ 50	39.195%	0%	39.195%	2.7% @ 57	11.500%	0%	11.500%
Safety-Fire	3% @ 50	39.195%	-4%	35.195%	2.7% @ 57	11.500%	0%	11.500%

\*The City's overall Miscellaneous PERS rate is blended to reflect PEPRA and Non-PEPRA employees. PEPRA is the Public Employees Pension Reform Act which lowers retirement benefits for new employees to the retirement system, ultimately lowering the cost for the plan as a whole.

\*\*The City is currently working with Police to continue 3% cost-sharing that expires June 30, 2015.

## **Non-General Funds**

### **Tidelands Fund**

This fund accounts for all revenues and expenditures within the tidelands area of the City. In 2006, the Intercontinental The Clement Monterey Hotel ("hotel") entered into a Feasibility Contingency Plan Agreement (FCPA) with the City which provided an initial ten-year financial assistance package to the hotel followed by an additional ten-year repayment plan. As part of this agreement, the hotel received a portion of the incremental revenue increase (sales, property, and hotel taxes) that it generated in the form of a loan. These loans were made from

the Tideland Funds and were calculated to assure that the hotel would have an appropriate return on investment. During the initial ten-year assistance period, the Tidelands Fund was unable to use revenues for other projects.

In early 2015, the hotel notified the City of their intent to fully repay the loans and in early April 2015, the City received a \$3.3 million payment from the hotel. The conclusion of the FCPA now frees the Tideland Fund revenues for projects that qualify for use in the Tidelands area. In FY 15-16 staff will be working on developing a budget policy for Council's review, balancing operational annual expenses with capital reinvestment needs.

#### Storm Water Fund

The Storm Water fund is intended to provide funding for capital replacement and operations of the storm water collection system. The existing collection system consists of 43 miles of pipeline, open channels, approximately 2500 structures and two pump stations. Existing fees do not cover current maintenance needs. As a result, maintenance is being deferred and the system is suffering. Measure P provided funding to assist with the backlog of work and scheduled rehabilitation. However, new regulations are being implemented by the State that require additional improvements. To address these new requirements and to fully meet maintenance needs of the system, the fee needs to be updated which, under California Proposition 218 requires voter approval. Staff estimates that capital replacement funds need to be increased by \$450,000 to \$500,000 annually.

#### Sewer Maintenance Fund

Regarding the status of the expenditures for the City-wide Sewer Rehabilitation Project, the construction packages that included spot repairs and CCTV inspections, was completed on budget (\$1.86 million), utilizing approximately 8% of the 10% construction contingency. The construction package that upgrades all seven sewer lift stations is still under construction, and will very likely continue on budget and within contingency (\$1.64 m). The largest package includes renovating 416 sewer manholes and repairing up to 15 miles of sewer pipeline by removal/replacement, pipe bursting, and other repair strategies. This package is in final design with construction slated to start by late 2015.

#### Presidio of Monterey Public Works Fund

The Army provided a new bridge contract with the City of Monterey (BASEOPS Contract) that went into effect on May 1, 2015 and will extend to May 1, 2016. The total dollar amount awarded for this one year period is \$8,400,000. In addition, since October 1, 2014, the Army has also awarded Capital Projects improvement project dollars for the Presidio of Monterey in the amount of \$6,500,000. The General Fund is projected to receive approximately \$1.1 million in revenue from the contract to offset personnel and administrative overhead costs.

During the one-year bridge contract, the Army will complete and execute "either" a five-year Intergovernmental Support Agreement, or continue with the prior year's and provide a more traditional contract approach and execute a five-year Federal Acquisition Regulation (FAR) based contract.

#### Marina Fund

The Marina Fund consists of all revenue received from within the Marina Fund Project area boundary (created by State for original loan of funds to construct Marina), and all expenditures from within that boundary for operating costs, loan payments, emergency savings and a Marina



replacement fund, in conformance with the City's agreement with the State Division of Boating and Waterways.

Necessary future projects beyond routine maintenance and repair include multiple-phases of dredging over the next six years, extensive remodel or replacement of the mid-Wharf II boater restrooms/showers, ADA Harbor Office upgrade, and establishment of an emergency fund and Marina replacement fund.

#### Parking Fund

The Parking Fund accounts for all of the Parking Division's operating expenses, maintenance and capital improvement expenses, debt payments, inter-department and overhead charges to the General Fund. Revenue generated by parking operations is deposited into the Parking Fund. Parking maintains 3,000 on-street and 3,900 off-street parking spaces; to include four garages and 29 parking lots; manages the residential parking program with over 3500 permits issued and enforces the City of Monterey and California Vehicle codes as it relates to parking. The Parking Fund is the funding source for the free summer trolley shuttle. Staff intends to bring a proposal to fund year round weekend trolley shuttle service funded by the Parking Fund.

The Parking Fund will need to increase the on-going maintenance and repair of our parking facilities to extend their useful life and to plan for the eventual replacement of our parking assets. The Parking Division plans to move forward with the implementation technology solutions in our off-street facilities to increase productivity and reduce costs.

#### Requests from Outside Agencies/Local Nonprofits

The City receives funding requests from outside agencies and local nonprofits (attachment 3). Funding for those requests is not included in the FY 15-16 budget and such awards could be funded through General Fund ending balance. Although it is understandable that the City would want to assist worthy groups, fees are based on the cost associated with the service and Council has adopted policies that identify the appropriate level of cost recovery. However, as a destination City, we typically encourage events that bring additional TOT and sales tax to the City.

Rather than waiving fees for special events, City staff will present to Council a request to adopt a policy establishing a special event/sponsorship fund. The amount of the funds to be placed into this account will be determined during the annual budget process. The Council will establish criteria under which applicants may compete for the funds through a grant type process, similar to the Community Development Block Grant process for awarding funds. Council will award the grant funds, and the recipient may choose to use the funds to offset expenses incurred with special events.

#### Budget Schedule

Wednesday, May 27 – Council Budget Study Session  
Thursday, June 4 – Community Budget Workshop  
Tuesday, June 16 – Council Budget Adoption

Attachments:

1. Non-General Fund supplemental request.
2. Information services infrastructure.
3. Letters from groups and non-profits requesting funding.

## About Monterey

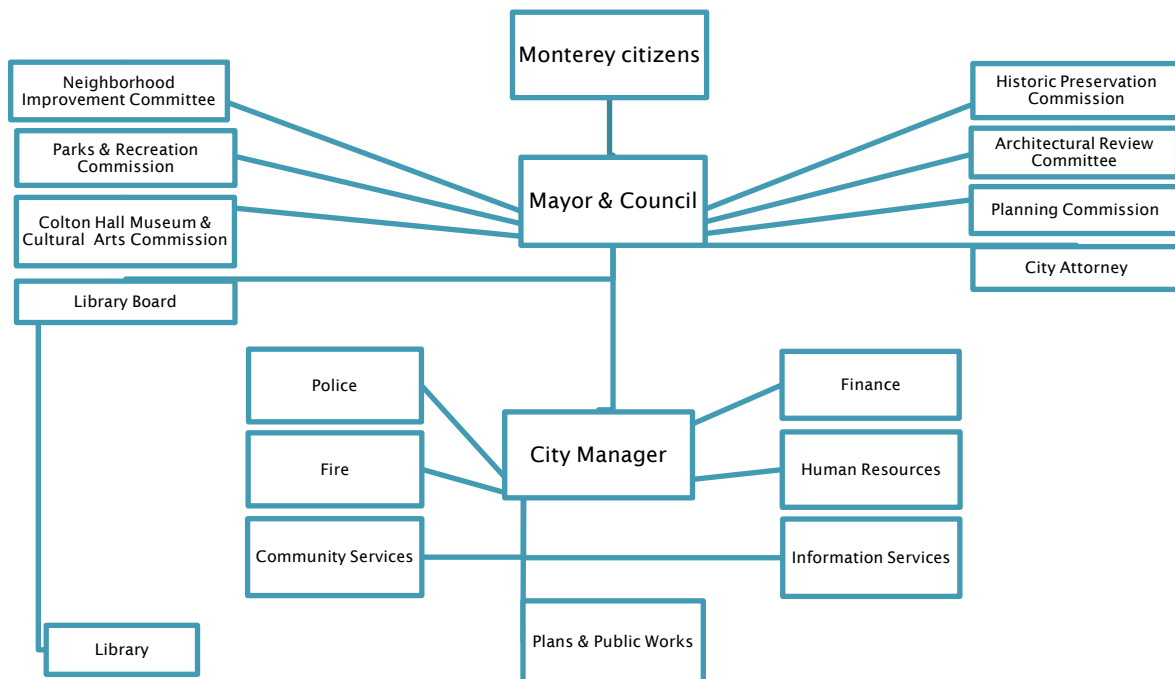
The City of Monterey is a waterfront community where citizens, civic organizations, businesses and city government work together to ensure that the community retains its hometown identity, high quality of life, and natural beauty. The estimated residential population is 28,294 according to the U.S Census' 2013 Population Estimate.

Monterey is at the heart of the Monterey peninsula, serving as the region's business core with urban amenities common to a city of much larger size. At the same time, the city provides a small-town atmosphere and distinct neighborhoods that range from historic adobes to mid-century modern adobes.

The Monterey airport is located less than 10 minutes from downtown. Monterey offers an ocean-view recreation trail that connects with other cities, a harbor and marina, a sports center with two indoor pools, 36 dedicated parks and open spaces, and El Encinal cemetery.

Monterey is a charter city and operates under the Council-Manager form of government. The Mayor and City Council are responsible for establishing policy and providing direction to the City Manager. The Mayor and City Council are elected at-large and serve staggered four-year terms. The Mayor presides at official meetings and work sessions.

The Monterey City Council meets the first and third Tuesday of each month at Few Memorial Hall. Council meetings are televised on cable channel 25 and streamed live on Monterey.org, and replayed at various times on both mediums.



## Services

The City provides police, fire, street operations, sewer and storm water utilities, planning, building inspections, engineering, library, parks and recreation services. The City provides some services to neighboring communities and defense institutions under contract, including fire, building inspection, building maintenance, and vehicle maintenance.



Other services, such as public education, water, garbage disposal and recycling, electric and gas utilities, cable and phone are not provided by the City.

The city is served by the Monterey-Salinas Transit district which operates buses seven days per week and, in partnership with the City, offers free trolley rides in popular tourism areas from Memorial Day to Labor Day.

## History

Founded in 1770, Monterey served as California's first capital and host to California's first Constitutional Convention in 1849. The city was first incorporated in 1850. Monterey's first residents were Native Americans and later Spanish explorers arrived, followed by Mexican settlers, American pioneers, and then Japanese and Italian fishermen.

Monterey became known as the sardine capital of the world and home to a thriving fishing industry in the early to mid 1900's. A smaller commercial fishing fleet continues to operate from Wharf II.

Due to its strategic location, historically, Monterey has been a key military outpost. While military needs have changed since the Presidio of Monterey was first established, the presence of the Defense Language Institute, the Naval Postgraduate School, and Fleet Numerical continues Monterey's legacy of military tradition.



Today, Monterey has a diverse cultural population. This is complemented by Monterey's status as the "Language Capital of the World"™ with the presence of both the Defense Language Institute and Middlebury Institute for International Studies at Monterey.

## Budget Process

The City's fiscal year is July 1 through June 30.

To establish the budget, the Finance Department develops a plan for expenditure of projected available resources for the coming fiscal year. Labor costs are updated to reflect salary and benefit changes called for in union contracts, and estimates for unrepresented employees are also updated. A five-year forecast outlines what resources, tax revenues, and other discretionary revenues may be available to support operating requirements. Similarly, Capital Involvement Program priorities are matched with available funds from various funding sources.

A base budget is prepared from this information. This base budget updates the costs of maintaining service and staffing levels into the new budget year. The base budget also includes the updated estimates of revenues and other financing sources.



Proposed budget documents are prepared and transmitted to the Mayor and City Council prior to the budget presentation. The Mayor and Council review the proposed operating and capital improvement budget in public hearings. The budget is formally adopted by the vote of City Council on or before June 30 of each year. Any changes to the proposed budget, as considered and approved by the City Council during budget hearings, are included in the Approved Budget document.

## Budget Calendar

Month	Activities
January	<ul style="list-style-type: none"> <li>• Building maintenance requests due</li> <li>• Position change requests due</li> </ul>
February	<ul style="list-style-type: none"> <li>• Internal service fund charges developed</li> <li>• Revenues and year end projections due</li> </ul>
March	<ul style="list-style-type: none"> <li>• Mid-year report presented</li> <li>• Expenditures and supplemental requests due</li> </ul>
April	<ul style="list-style-type: none"> <li>• Five-year forecast developed</li> <li>• City Manager's Recommended Budget fine-tuned</li> </ul>
May/June	<ul style="list-style-type: none"> <li>• Budget presentation</li> <li>• Budget workshop held</li> <li>• Budget adoption</li> </ul>
July	<ul style="list-style-type: none"> <li>• Budget book produced</li> </ul>

## Basis of Budgeting

The City of Monterey uses a modified accrual basis of accounting in preparing the budget for governmental funds. This is consistent with the basis of accounting used for the Comprehensive Annual Financial Report (CAFR). Under the modified accrual basis, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after fiscal year-end. Licenses, property taxes and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.), net of estimated refunds and uncollectible amounts, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenue from grants, entitlements, and donations is recognized in the fiscal year which all eligibility requirements have been satisfied. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, compensated absences, which are recognized as expenditures to the extent they have matured, and principal and interest on general long-term debt.

## Fund Structure

Department/Fund Relationship						
Dept /Fund	General Fund	Special Revenue	Capital Projects	Enterprise	Internal Services	Agency
City Attorney						
City Manager						
Community Services						
Finance						
Fire						
Human Resources						
Information Resources						
Library						
Plans & Public Works						
Police						

The City's accounts are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording assets, liabilities, fund balances, revenues, and expenditures.

The City has the following fund type categories:

### Governmental Fund Types

The governmental funds include the General, Capital Projects, Debt Service, and Special Revenue Funds. Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.



**General Fund (101)** - The only major fund in the structure of the FY16 and FY17 budgets. It is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources of this fund include transient occupancy tax, property tax, sales tax, business license tax, utility user's tax and charges for services. These revenues support the general operations of the City, which include police, fire, street maintenance, parks, recreation, planning and general government. In addition, the General Fund finances many capital improvements each year.

**Sewer Mains Improvements (205)** - These funds were instituted in 1971 to pay for improvements made to the sewer mains system in various areas throughout the City, which are required as a result of development.

**Wharf I Sprinkler System Fund (210)** - This fund was established in 1994-95 to account for revenues and expenses associated with the maintenance and upkeep of the fire sprinkler system at Wharf 1.

**Skyline Forest Service District (215)** - This district was created in 1966 to provide for perpetual landscaping maintenance of the Skyline Forest area. The tax is levied on the properties in the district to pay for the landscape contract.

**Neighborhood Improvement Fund (216)** - This fund was established to provide a means for financing neighborhood related capital improvements. Under a Charter Amendment in 1988, 16% of all transient occupancy tax revenue collected by the City is deposited in this fund. These funds are budgeted through the City's annual Capital Improvement Program budget.



**Grant Revenue Funds (240-250)** -

These funds are established to account for grant funds received from Federal and State agencies that are earmarked for specific purposes such as personnel cost for a School Resource Officer or Domestic Violence Office. Some grants allow for the purchase and acquisition of certain safety equipment used in public safety operations.

**Gas Tax Fund (251)** - These funds are comprised of state and federal monies made available to the City for general road improvements and for specific road projects.

**Street Infrastructure Rehab Fund (252)** - This fund was created in April, 2015 to account for all sales and use tax revenue from Measure P. The purpose of Measure P is to fund street infrastructure rehabilitation projects.

**Construction Truck Impact Fees Fund (255)** - This fund was established to account for fees collected, based on building permit project valuations, to provide for reconstruction and resurfacing of City streets impacted by construction truck traffic. Fees were discontinued on July 2, 2013, and the remaining funds are dedicated to completion of existing capital projects.

**Alvarado Street Maintenance District (261)** - This district was formed to help pay for the maintenance and upkeep of Alvarado Street. A special assessment is levied on all parcels within the district for this specific purpose.

**Calle Principal Street Maintenance District (262)** - This district was formed to help pay for the maintenance and upkeep of Calle Principal. A special assessment is levied on all parcels within the district for this specific purpose.

**Parking Adjustments Funds (263, 264, 266, 267)** - These funds are repository for parking adjustment fees collected within each of three parking districts within the City. Fees are assessed if a property owner wishes to develop or redevelop property in such a manner that will intensify the need for parking but is unable to provide all of the parking required by the zoning ordinance. Parking adjustment fees are used for construction, operation, and maintenance of common public parking facilities.

**Low and Moderate Income Housing Asset Fund (268)** - This fund was created on February 1, 2012 to account for transfers from the Low and Moderate Income Housing Fund upon elimination of redevelopment. This fund administers the remaining low interest loans issued under the previous Low and Moderate Income Housing Fund, and manages affordable housing opportunities.

**Housing & Community Development Funds (270, 274, 275, 276, 278)** - These funds are used to assist families and individuals in low and moderate income neighborhoods in obtaining low interest loans for the purpose of purchasing, rehabilitating, and renting housing. The sources of funds include CDBG, HOME funds, tax increments, rental and interest income.

**Park Dedication Funds (277)** - in 1974, an ordinance established regulations for the dedication of land and the payment of fees for park and recreational land in subdivisions and multiple family developments. These funds account for and control payment of fees and uses of fees for specific park and recreational purposes as prescribed by the ordinance.

**Sewer Line Maintenance Fund (279)** - In 1978, the City passed and adopted an ordinance to establish a sewer line maintenance fee of 25% of the sewer service charge established by the Monterey Regional Water Pollution Control Agency. The fee was



imposed to provide revenue to support the cost of operating and maintaining the City's Sewer System.

**Storm Water Utility Fund (280)** - This fund was established in 1994-95 in order to account for the revenues and expenses in connection with the operation and maintenance of the City's storm drain and storm water management system. The fee is collected by the Monterey Regional Water Pollution Control Agency as an add-on to the sewer maintenance charge.



**Integrated Regional Watershed Management (281)** - This fund accounts for revenues received from a Prop 50 Integrated Regional Watershed Management grant to fund a feasibility study to analyze the various alternatives for mitigating the effects of storm water runoff into the ocean at several areas around the Peninsula.

**Water System Improvement Fund (290)** - This fund was established in 1983 to accrue developer fees for the construction of improvements to the fire hydrant system.

**Public Safety Training & Services Fund (291)** - This fund is used to account for revenues received from the Monterey County CSA74 fund for emergency medical services (EMS) training and equipment support.

**Asset Seizure Fund (292)** - This fund is a repository for funds received from the sale of assets seized by the Police Department.

**Public Education & Government Access Fund (298)** - Established in 2001, this fund accounts for revenues and expenses related to supporting a local non-profit media agency known as Access Monterey Peninsula.

**Senior Center Programs Fund (299)** - Also known as the Gardner fund, it was established in accordance with a bequest that specifically supports new and/or existing programs at the Senior Community Center.

**Debt Service Fund (310)** - This fund is used to account for the financial resources to be used for the payment of principal and interest on long-term obligations.

**Capital Projects Fund (410)** - This fund is used to account for financial resources to be used for the acquisition, construction, additions or improvements to buildings and land purchases.

**Sports Center Endowment Fund (802)** - This fund have been endowed with general purpose revenues and donations in order to fund the annual operational costs of the Monterey Sports Center.

**Tidelands Trust Fund (807)** - This fund was established, as prescribed by the State of California, to account for all revenues and expenditures within the tidelands area of the City.

**Library Trust Fund (810)** - This fund was created so that gifts, bequests and miscellaneous revenues from the library operation could be deposited and reserved for library purposes. All expenditures from the fund are requested by the Library Board of Trustees and approved by the City Council.

**Museum Trust Fund (818)** - This fund is comprised of donations from visitors to the Colton Hall Museum and contributions by individual donors. The monies are used for the acquisition and preservation of historical artifacts.

**Scholze Park Trust Funds (821 & 822)** - These permanent funds were created for the purpose of maintaining and improving parks and playgrounds owned by the City. It is specified by ordinance that only the interest earnings from the assets be distributed and divided 50% for park and 50% for playground purposes.

**Golden Travelers Trust Fund (961)** - The Recreation department administers a program whereby cultural related day-trips and weeklong excursions are provided to participants on a fee basis. This fund accounts for the revenues and expenditures of the program.

### **Proprietary Fund Types**

The proprietary funds, which include the Enterprise and Internal Service Funds, are used to account for the City's business-type activities. Proprietary funds are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

**Enterprise Fund** – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City of Monterey has seven enterprise funds:

*Marina Fund (600):* created in 1960 to account for all Marina related revenues and expenditures. All revenues collected in the Marina area are used for operation, maintenance and improvements to the Marina.

*Cemetery Fund (610):* all cemetery related revenues and expenditures are accounted for in this fund.

*Parking Fund (625):* established to pay for construction, operation, and maintenance of parking facilities and improvements. The revenue sources include parking fees, permits and fines.

*Materials Recovery Fund (640 & 641):* funds were established to account for the revenues, leases payments and debt service for the Materials Recovery Facility.

*Presidio of Monterey Public Works Fund (650):* created in 1999 to account for costs and revenues pertaining to the Presidio of Monterey maintenance contract.

*Navy Services Fund (655):* established to account for costs and revenues pertaining to the Navy Services contract.

*Institutional Network Fund (660):* established to account for costs and revenues pertaining to the Institutional Network Agreement contracted with AT&T, in operating a communication network for educational institutions, City buildings and agencies, and other entities.

**Internal Service Fund** - The internal service fund is used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. The City has four internal service funds:

*Equipment Replacement Fund (705):* fund serves to centrally account for the new or replacement costs for all vehicle apparatus, and heavy equipment assets. The cost of this service is charged back to the operating departments.

*Vehicle Maintenance Fund (708):* fund serves to centrally account for the costs of maintenance operations for all vehicle apparatus, and heavy equipment assets. The cost of this service is charged back to the operating departments.

*Information Services Fund (710):* fund centralizes data processing and other information services costs. The user departments are assessed a charge for these services and to accumulate funds for equipment replacement and enhancements as needed.



*Workers' Comp Insurance Trust Fund (715):* this group of funds captures the costs and revenues for our self-insurance program, including liability and benefits. The operating departments are charged for the cost of insurance as well as for the accumulation of requisite reserve funds.

*Liability & Property Insurance Fund (716):* fund captures the costs and revenues for our self-insurance program, including liability and property. The operating departments are charged for the cost of insurance as well as for the accumulation of requisite reserve funds.

*Health Insurance Trust Fund (718):* this group of funds captures the costs and revenues for our self-insurance program, including liability and benefits. The operating departments are charged for the cost of insurance as well as for the accumulation of requisite reserve funds.

### **Fiduciary Fund Types**

The Fiduciary Funds account for assets held by the City in trust or as an agent for various assessment and community facilities districts. The City maintains two types of fiduciary funds: agency funds and a private purpose trust fund.

*Assessment District Funds (642, 917-959):* These agency funds were established to account for funds when the City is acting as an agent. It consists of the following various assessment districts located within the City; Conference Center Facilities District, Ocean View Plaza Community Services District, Monterey Convention Visitor's Bureau Tourism Business Improvement District, New Monterey Business Improvement, Downtown Promotion and the Wharf Promotion Districts.

*Redevelopment Obligation Retirement Fund (314):* This private purpose trust fund was established to account for assets held by the Redevelopment Successor Agency pending distribution to the appropriate taxing entities after the payment of enforceable obligations that were in effect as of the signing of Assembly Bill X1 26.



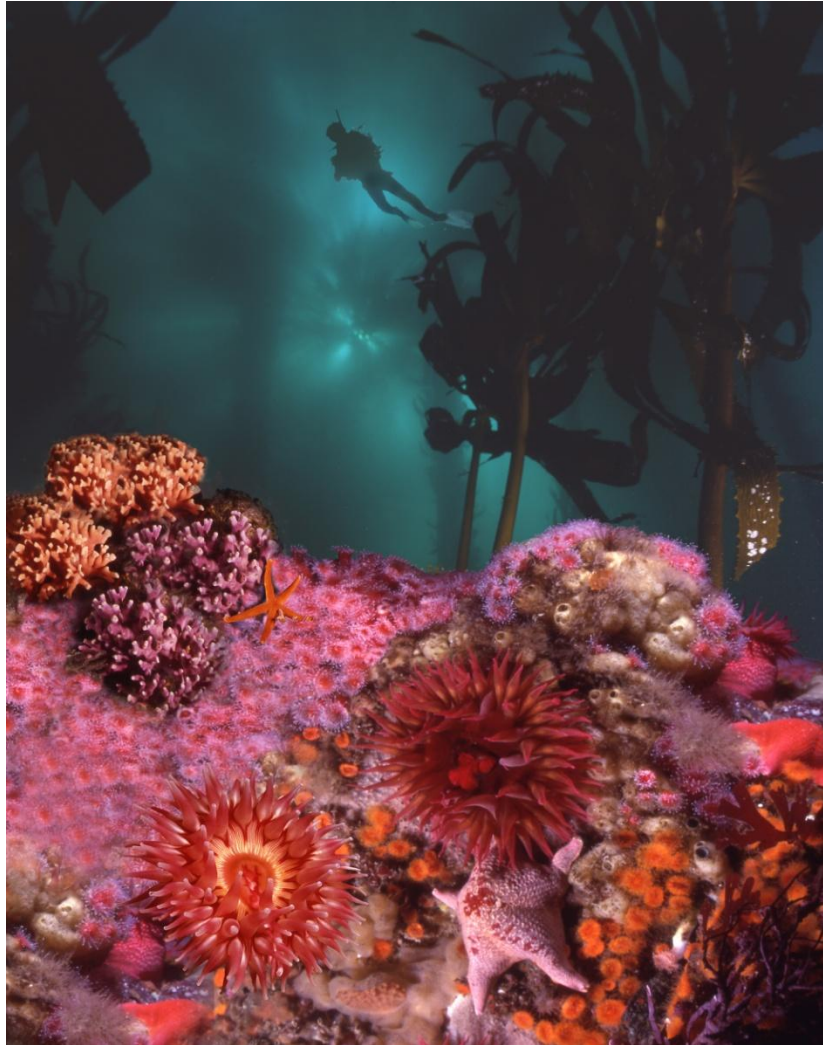
**2015-17 BIENNIUM COMBINED STATEMENT**  
**Revenues, Expenditures and Changes in Fund Balance**

<b>FY2015/16</b>	<b>General Fund</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Enterprise</b>	<b>Internal Services</b>	<b>Agency</b>	<b>All Funds</b>
<b>Sources of Funds</b>							
Taxes	\$ 44,509,084	\$ 9,158,249	\$ -	\$ -	\$ -	\$ 4,165,500	\$ 57,832,833
Fees & Charges	16,417,371	3,679,556	-	16,692,331	17,389,710	-	54,178,969
Interest & Rents	4,360,160	1,420,838	397,665	1,031,790	21,124	328,849	7,560,426
Other Agencies	132,826	337,000	-	14,000	-	-	483,826
Licenses & Permits	1,124,013	-	-	701,000	-	-	1,825,013
Fines & Forfeitures	231,850	-	-	850,000	-	-	1,081,850
Other Revenues	1,049,061	548,057	17,825	115,100	240,000	27,000	1,997,043
Transfers In	485,499	41,199	543,516	315,003	826,501	-	2,211,718
<b>Total Sources</b>	<b>\$ 68,309,864</b>	<b>\$ 15,184,899</b>	<b>\$ 959,006</b>	<b>\$ 19,719,224</b>	<b>\$ 18,477,335</b>	<b>\$ 4,521,349</b>	<b>\$ 127,171,677</b>
<b>Uses of Funds</b>							
Salaries	\$ 50,635,967	\$ 1,994,062	\$ -	\$ 10,430,997	\$ 2,894,784	\$ -	\$ 66,167,441
Supplies & Services	9,583,746	3,381,965	-	4,673,749	13,832,098	10,000	31,481,557
Capital Outlay	460,475	27,606	-	-	1,165,000	-	1,653,081
Debt Services	162,048	1,037,375	945,156	1,662,995	-	-	3,807,573
Internal Service	5,344,943	392,060	-	1,044,109	321,906	-	7,103,018
Transfers Out	859,916	643,800	-	708,002	-	-	2,211,718
Capital Improvement Pgrn	1,575,000	9,848,202	-	1,780,000	-	-	13,203,202
<b>Total Uses</b>	<b>\$ 68,622,095</b>	<b>\$ 17,325,070</b>	<b>\$ 945,156</b>	<b>\$ 20,299,852</b>	<b>\$ 18,213,787</b>	<b>\$ 10,000</b>	<b>\$ 125,627,591</b>

<b>FY2016/17</b>	<b>General Fund</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Enterprise</b>	<b>Internal Services</b>	<b>Agency</b>	<b>All Funds</b>
<b>Sources of Funds</b>							
Taxes	\$ 44,294,490	\$ 9,427,966	\$ -	\$ -	\$ -	\$ 4,319,500	\$ 58,041,956
Fees & Charges	16,784,482	3,762,762	-	16,831,386	17,812,787	-	55,191,418
Interest & Rents	4,791,607	1,741,110	407,279	1,133,058	43,760	362,512	8,479,326
Other Agencies	133,201	337,200	-	10,000	-	-	480,401
Licenses & Permits	1,125,000	-	-	701,000	-	-	1,826,000
Fines & Forfeitures	243,850	-	-	850,000	-	-	1,093,850
Other Revenues	1,085,200	553,030	17,825	115,100	220,000	27,000	2,018,155
Transfers In	518,134	242,023	542,487	321,873	189,528	-	1,814,045
<b>Total Sources</b>	<b>\$ 68,975,964</b>	<b>\$ 16,064,091</b>	<b>\$ 967,591</b>	<b>\$ 19,962,417</b>	<b>\$ 18,266,075</b>	<b>\$ 4,709,012</b>	<b>\$ 128,945,150</b>
<b>Uses of Funds</b>							
Salaries	\$ 52,092,198	\$ 2,189,411	\$ -	\$ 10,687,463	\$ 2,932,368	\$ -	\$ 67,901,440
Supplies & Services	9,645,469	1,188,237	-	5,146,293	13,918,172	10,000	29,908,172
Capital Outlay	374,525	27,606	-	-	-	-	402,131
Debt Services	145,758	1,037,375	960,261	1,111,032	-	460,023	3,714,450
Internal Service	5,300,080	396,464	-	1,050,279	173,896	-	6,920,720
Transfers Out	1,060,038	156,000	-	598,007	-	-	1,814,045
Capital Improvement Pgrn	1,575,000	9,635,677	-	100,000	-	-	11,310,677
<b>Total Uses</b>	<b>\$ 70,193,069</b>	<b>\$ 14,630,771</b>	<b>\$ 960,261</b>	<b>\$ 18,693,075</b>	<b>\$ 17,024,437</b>	<b>\$ 470,023</b>	<b>\$ 121,971,636</b>





Projected Fund Balance								
Fiscal Year 2015-16								
		Projected Revenues	Projected Expenditures	Other Sources (Uses)		Sources Over (Under) Uses	Fund Balance/Working Capital	
				Operating Transfers	CIP/Other		Beginning of Period	Projected End of Period
GENERAL FUND								
101	General Fund	67,824,365	65,388,089	(374,417)	(1,575,000)	486,859	33,094,536	33,581,395
SPECIAL REVENUE FUNDS								
205	Sewer Mains	6,963	-	-	-	6,963	640,786	647,749
210	Wharf I Sprinkler System	34,000	20,600	-	-	13,400	267,122	280,522
215	Skyline Forest Service District	18,844	17,135	-	-	1,709	131,805	133,513
240-250	Grant Funds (240, 243, 244, 246, 249, 250)	113,000	13,000	(100,000)	-	-	24,735	24,735
251	Gas Tax	677,181	-	(6,000)	(675,000)	(3,819)	63,317	59,498
252	Street Infrastructure Rehab Fund	8,263,202	-	-	(8,263,202)	-	-	-
261	Alvarado Street Maintance District	48,892	93,173	41,199	-	(3,082)	22,247	19,165
262	Calle Principal Maintenance District	25,689	25,279	-	-	410	24,220	24,630
264	Parking Adjustment Fee - Fund A	31	-	-	-	31	4,625	4,656
266	Transportation Management	89	-	-	-	89	17,266	17,355
267	Cannery Row Parking Variances	93	-	-	-	93	14,037	14,130
268	RDA Housing Successor Agency	374,872	1,480,565	-	-	(1,105,693)	1,747,783	642,089
270	Community Development Block Grant	701,900	1,093,563	-	-	(391,663)	417,249	25,586
274	Home - Estrella	21,756	78,934	-	-	(57,178)	123,710	66,532
277	Park Dedication Fees	180	-	-	-	180	17,662	17,842
278	Home Grant	926	30,000	-	-	(29,074)	90,642	61,568
279	Sewer Line Maintenance	2,606,033	2,263,454	-	(400,000)	(57,421)	3,073,957	3,016,536
280	Storm Water Utility	1,069,240	1,157,200	-	-	(87,960)	366,585	278,625
281	Integrated Regional Watershed Management	184	-	-	-	184	18,059	18,243
290	Water System Improvement	3,782	25,750	-	-	(21,968)	302,201	280,233
291	Public Safety Training & Services	53,000	111,255	-	-	(58,255)	174,360	116,105
292	Asset Seizure	4,000	5,000	-	-	(1,000)	19,880	18,880
298	Public Educ. & Government Access	150,018	150,000	-	-	18	1,743	1,761
299	Senior Center Programs	1,641	25,000	-	-	(23,359)	147,114	123,755
807	Tidelands Trust	823,697	-	-	(510,000)	313,697	7,347,593	7,661,290
810	Library Trust	50,724	176,669	-	-	(125,945)	457,944	331,999
818	Museum Trust	8,419	6,450	-	-	1,969	172,355	174,324
821/822	Scholze Park	25,304	-	(25,000)	-	304	1,978	2,282
900	Special Deposits	-	-	-	-	-	4,725	4,725
961	Golden 55 Travelers	60,040	60,040	-	-	-	-	-
DEBT SERVICE FUNDS								
310	Debt Service	17,825	541,501	543,516	-	19,840	17,585	37,425
640	Monterey Financing Authority (JPA)	397,665	403,655	-	-	(5,990)	29,142	23,152
ENTERPRISE FUNDS								
600	Marina	2,893,568	2,016,479	(184,003)	(580,000)	113,086	799,409	912,495
610	Cemetery	189,703	186,158	(100,000)	-	(96,455)	229,198	132,743
625	Parking	8,197,880	7,468,427	(8,996)	(1,200,000)	(479,543)	4,371,525	3,891,982
641	Materials Recovery Facility	417,239	407,955	-	-	9,284	172,666	181,950
650	Presidio of Monterey Public Works	7,251,781	7,251,781	(100,000)	-	(99,999)	2,666,161	2,566,162
655	Navy Services	454,050	454,050	-	-	-	34,656	34,656
660	Institutional Network (I-NET) Fund	-	-	(512,800)	-	(512,800)	520,126	7,326
INTERNAL SERVICE FUNDS								
705	Equipment Replacement	805,934	749,900	291,878	-	347,912	2,194,177	2,542,089
708	Vehicle Maintenance	2,017,401	1,910,016	-	-	107,386	1,585,232	1,692,617
710	Information Services	3,037,148	3,681,918	512,800	-	(131,970)	650,286	518,316
715	Worker's Comp Insurance Trust	2,587,269	2,696,443	-	-	(109,174)	582,700	473,526
716	Liability & Property Insurance	1,225,082	1,236,523	-	-	(11,441)	144,075	132,633
718	Health Insurance Trust	7,978,000	7,938,988	21,823	-	60,835	383,546	444,381
AGENCY FUNDS								
314	RDA Obligation Retirement Fund	1,079	10,000	-	-	(8,921)	72,971	64,050
642	Ocean View Community Services District	27,000	27,000	-	-	-	11,572	11,572
918	Conference Center Facilities District	4,493,270	-	-	-	4,493,270	-	4,493,270
952	MCVB Tourism BID	-	-	-	-	-	12,613	12,613
TOTAL ALL FUNDS		124,959,959	109,201,950	-	(13,203,202)	2,554,808	63,267,874	65,822,682

Projected Fund Balance								
Fiscal Year 2016-17								
		Projected Revenues	Projected Expenditures	Other Sources (Uses)		Sources Over (Under) Uses	Fund Balance/Working Capital	
				Operating Transfers	CIP/Other		Beginning of Period	Projected End of Period
GENERAL FUND								
101	General Fund	68,457,830	66,737,463	(541,904)	(1,575,000)	(396,537)	33,581,395	33,184,858
SPECIAL REVENUE FUNDS								
205	Sewer Mains	13,974	-	-	-	13,974	647,749	661,723
210	Wharf I Sprinkler System	34,000	20,600	-	-	13,400	280,522	293,922
215	Skyline Forest Service District	20,337	17,135	-	-	3,202	133,513	136,715
240-250	Grant Funds (240, 243, 244, 246, 249, 250)	113,200	13,000	(100,000)	-	200	24,735	24,935
251	Gas Tax	674,005	-	(6,000)	(675,000)	(6,995)	59,498	52,503
252	Street Infrastructure Rehab Fund	8,560,677	-	-	(8,560,677)	-	-	-
261	Alvarado Street Maintenance District	49,716	93,695	42,023	-	(1,955)	19,165	17,210
262	Calle Principal Maintenance District	26,178	25,450	-	-	727	24,630	25,357
264	Parking Adjustment Fee - Fund A	64	-	-	-	64	4,656	4,720
266	Transportation Management	184	-	-	-	184	17,355	17,539
267	Cannery Row Parking Variances	194	-	-	-	194	14,130	14,324
268	RDA Housing Successor Agency	398,808	218,136	-	-	180,672	642,089	822,762
270	Community Development Block Grant	731,900	315,842	-	-	416,058	25,586	441,644
274	Home - Estrella	22,995	19,384	-	-	3,611	66,532	70,143
277	Park Dedication Fees	374	-	-	-	374	17,842	18,216
278	Home Grant	1,917	-	-	-	1,917	61,568	63,485
279	Sewer Line Maintenance	2,713,099	2,294,223	-	(400,000)	18,876	3,016,536	3,035,412
280	Storm Water Utility	1,076,356	1,176,457	200,000	-	99,899	278,625	378,523
281	Integrated Regional Watershed Management	382	-	-	-	382	18,243	18,625
290	Water System Improvement	7,300	25,750	-	-	(18,450)	280,233	261,783
291	Public Safety Training & Services	75,000	76,255	-	-	(1,255)	116,105	114,850
292	Asset Seizure	4,000	5,000	-	-	(1,000)	18,880	17,880
298	Public Educ. & Government Access	150,037	150,000	-	-	37	1,761	1,798
299	Senior Center Programs	3,399	25,000	-	-	(21,601)	123,755	102,154
807	Tidelands Trust	971,046	-	-	-	971,046	7,661,290	8,632,336
810	Library Trust	50,021	74,308	-	-	(24,287)	331,999	307,712
818	Museum Trust	10,447	6,450	-	-	3,997	174,324	178,321
821/822	Scholze Park	52,418	-	(50,000)	-	2,418	2,282	4,700
900	Special Deposits	-	-	-	-	-	4,725	4,725
961	Golden 55 Travelers	60,040	60,040	-	-	-	-	-
DEBT SERVICE FUNDS								
310	Debt Service	17,825	545,986	542,487	-	14,326	37,425	51,750
640	Monterey Financing Authority (JPA)	407,279	414,275	-	-	(6,996)	23,152	16,156
ENTERPRISE FUNDS								
600	Marina	2,934,486	1,987,800	(190,873)	-	755,813	912,495	1,668,308
610	Cemetery	191,527	188,699	(100,000)	-	(97,172)	132,743	35,571
625	Parking	8,263,545	7,539,391	14,739	(100,000)	638,893	3,891,982	4,530,875
641	Materials Recovery Facility	431,700	418,575	-	-	13,125	181,950	195,075
650	Presidio of Monterey Public Works	7,365,236	7,379,553	-	-	(14,316)	2,566,162	2,551,846
655	Navy Services	454,050	454,050	-	-	-	34,656	34,656
660	Institutional Network (I-NET) Fund	-	-	-	-	-	7,326	7,326
INTERNAL SERVICE FUNDS								
705	Equipment Replacement	778,689	-	167,378	-	946,067	2,542,089	3,488,156
708	Vehicle Maintenance	2,038,110	1,870,571	-	-	167,540	1,692,617	1,860,157
710	Information Services	3,117,000	2,921,311	-	-	195,689	518,316	714,005
715	Worker's Comp Insurance Trust	2,623,079	2,710,830	-	-	(87,752)	473,526	385,774
716	Liability & Property Insurance	1,189,669	1,245,837	-	-	(56,168)	132,633	76,466
718	Health Insurance Trust	8,330,000	8,275,888	22,150	-	76,262	444,381	520,643
AGENCY FUNDS								
314	RDA Obligation Retirement Fund	2,236	10,000	-	-	(7,764)	64,050	56,286
642	Ocean View Community Services District	27,000	27,000	-	-	-	11,572	11,572
918	Conference Center Facilities District	4,679,776	460,023	-	-	4,219,753	4,493,270	8,713,023
952	MCVB Tourism BID	-	-	-	-	-	12,613	12,613
TOTAL ALL FUNDS		127,131,105	107,803,978	(0)	(11,310,677)	8,016,450	65,822,682	73,839,132



## Revenue Analysis

Revenues – General Fund						
	2014-15 Amended Budget	Change	2015-16 Proposed	Change	2016-17 Proposed	% of Total
<b>Total General Fund Revenues</b>	68,085,076	(260,711)	67,824,365	633,465	68,457,830	100%
Transient Occupancy Tax	17,000,000	33,020	17,033,020	0	17,033,020	25%
Property Taxes	9,878,752	105,005	9,983,757	148,996	10,132,723	15%
Sales Tax	8,173,220	1,395,745	9,568,965	(398,960)	9,170,005	14%
Fire Service Charges	6,683,095	5,551	6,688,646	51,333	6,739,979	10%
Sports & Recreation Programs	5,480,839	4,353	5,485,192	23,089	5,508,281	8%
Rental Income	3,236,385	85,727	3,322,112	88,252	3,410,364	5%
Business License	3,156,162	63,123	3,219,285	64,386	3,283,671	5%
Administrative Support Fees	2,527,935	241,528	2,769,463	55,389	2,824,852	4%

The General Fund is the primary operating fund of the city. The revenues deposited into this fund include discretionary general purpose revenues such as taxes, license and permits. This fund also contains reimbursements and fees for services provided by departments supported by the general fund, including contracted services for other jurisdictions, Recreation and Sports Center programs, and administrative support for services provided.

While the City's primary revenue sources are projected to either increase slightly or remain relatively flat, total General Fund Revenues are expected to dip in 2015-16. One of the primary drivers of this is the Conference Center renovation expected to begin in late 2015, resulting in the decrease of \$870,750 in revenues associated with the Center. The FY 14-15 Amended Budget also includes intergovernmental revenues for grants expiring during this period, and Wildfire Strike Team reimbursements which are not forecast at this time, resulting in a decrease in projected revenues in FY 15-16.

### Transient Occupancy Tax (TOT)

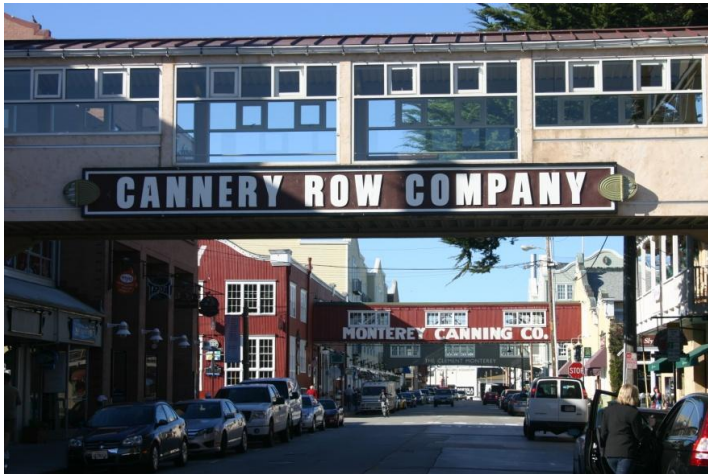
TOT is the single largest individual item in the budget. After suffering a 7.7% reduction in the recent recession, tourism has rebounded and based on trends at the time of budget preparation, the City is forecasting total TOT revenues of \$20.3 million in Fiscal Year (FY) 2015-16. 16% of TOT is allocated to the Neighborhood Improvement

Fund (which is not discretionary revenue), and the remaining 84% (\$17 million) is retained in the General Fund.

A significant portion of the City's tourism comes from business travelers using the Monterey Conference Center. In the fall of 2015, the Conference Center will begin a major renovation that is expected to last through most of FY 2016-17. TOT revenues are forecast to be flat during this period, with a return to increases at the historical average rate of 4.3% following the renovation.

### Property Tax

Property Tax revenues are projected to grow 1.1% in FY2015-16 and 1.5% in FY2016-17. In general, under Proposition 13 increases in the assessed value of property are limited to 2% under State law. This rate is correspondingly used for the forecasts based on assessed value over the next two years; however no additional growth is forecasted based on property transfers. Property taxes also include a backfill of State revenues from vehicle license fees at a rate determined by the State, and there is no change projected for this portion in either year. In FY 14-15, the City's amended budget was \$9.9 million for property tax and FY 15-16 projects relatively flat growth at \$10.0 million and FY 16-17 at \$10.1 million.



### Sales Tax

In addition to a projected growth rate of 2.4% in FY2015-16, Sales Tax revenues will see a one-time increase in FY 2016-17 as a result of the unwinding of the "Triple Flip." The Triple Flip is a financing mechanism used by the State that began in 2004 with the passage of the California Economic Recovery Bond Act. The State "borrows" 25% of the City's portion of the State Sales Tax and

uses it to repay the bonds, and repays the City with an additional allotment of Property Tax that would have been distributed to schools. Schools are made whole by receiving allocations from the State general fund. The State expects to fully pay the bonds in July 2015, eliminating the need for the Triple Flip.

In the first year of implementation, only three quarters of the amount borrowed was repaid, leaving approximately \$335,000 to be repaid when the Triple Flip ends in FY 2015-16. In FY 2015-16 the City will start receiving its entire portion of the State sales tax (rather than 75%) and there will be a final reconciliation of the funds withheld and repaid since 2004. For 2016-17, 4.3% growth rate is projected primarily from projected revenue increases in restaurant and food sales.

### Fire Service Charges

Revenues reflect estimated costs of providing fire service to contracting jurisdictions: Carmel-by-the-Sea, Pacific Grove, Monterey Peninsula Airport District, Sand City, Presidio of Monterey, and La Mesa Village military housing. Most of the agreements include CPI adjustments, estimated at 2.5% in both fiscal years.

### Recreation/Sports Center Programs

Revenue estimates are projected to remain relatively flat in both fiscal years.

### Business License

Business license revenues are forecast to increase 2% annually, based on average growth over the past 10 years.



### Rental Income

Rental income estimates include an increase of 3% on adjustable rents due to inflation and increased gross receipts.

### Administrative Support Fees

These fees represent recovery of General Fund internal overhead and central service costs for support to other funding sources. For FY 15-16, internal allocations are based on an overhead rate of 10% per consultant calculations; external allocations are estimates of amounts allowed under the City's cost recovery plans. An inflation factor of 2% is forecasted for FY 16-17.

<b>Revenues – Special Revenue Funds</b>					
	<b>2014-15 Amended Budget</b>	<b>Change</b>	<b>2015-16 Proposed</b>	<b>Change</b>	<b>2016-17 Proposed</b>
<b>Total Special Revenues</b>	5,487,522	8,600,678	13,827,862	678,368	14,190,958
Measure P Tax	0	8,263,202	8,263,202	297,475	8,560,677
Sewer & Storm Drain Fees	3,096,820	588,236	3,659,256	61,206	3,720,462

Special Revenue Funds contain revenues that may only be used for specific purposes, such as grants, special taxes (restricted for a specified use), and fees that are collected for a specific use and/or area in the City.

Measure P

In November 2014, voters approved Measure P, which assessed a one-cent per dollar local sales and use tax to be used to repair streets, sidewalks, and potholes, improve related access and safety and repair the storm drain system. The tax took effect April 1, 2015 and the first payment will be received in June. Projections include 3.6% growth in FY 16-17.

Sewer and Storm Drain Maintenance Fees

These fees are surcharges to Monterey Regional Water Pollution Control Agency's (MRWPCA) sewer rates for operation and maintenance of the City's sewer and storm water management systems.

Storm drain fees for FY 15-16 and FY 16-17 are based on updated projections for FY 15-16. A 2.5% increase in sewer fees is forecast in FY 2016-17 which is dependent on the outcome of an updated five-year fee study based on construction estimates. Adjustments to storm drain fees can only be approved by voters in accordance with California Proposition 218.

<b>Revenues – Fiduciary/Agency Funds</b>					
	<b>2014-15 Amended Budget</b>	<b>Change</b>	<b>2015-16 Proposed</b>	<b>Change</b>	<b>2016-17 Proposed</b>
<b>Total Fiduciary/Agency Fund Revenues</b>	248	4,521,101	4,521,349	187,663	4,709,012
Conference Center Facilities District Tax	0	4,165,500	4,165,500	154,000	4,319,500

Fiduciary/Agency Funds contain revenues collected on behalf of other entities and held in trust for their use.

Conference Center Facilities District Tax

In 2014, the hospitality industry voted to levy a special tax to pay for the renovation of the Monterey Conference Center. Assessments from .8% to 4.15% of room revenues will be used to pay off bonds issued to finance the renovation. Forecasts prepared by industry consultants assume an aggregate short-term growth rate of approximately 3.7% based on a long-term underlying growth rate of 3.3%, adjusted by market segment.

## SUMMARY OF REVENUES AND TRANSFERS IN

	2012-13 ACTUAL REVENUE	2013-14 ACTUAL REVENUE	2014-15 AMENDED BUDGET	2015-16 PROPOSED BUDGET	2016-17 PROPOSED BUDGET
<b>General Fund</b>					
Property Taxes	\$ 9,212,746	\$ 9,646,459	\$ 9,878,752	\$ 9,983,757	\$ 10,132,723
Sales Taxes	6,368,932	6,582,754	6,279,945	8,407,548	9,170,005
In-lieu Sales Taxes	1,795,008	2,217,883	1,893,275	1,161,417	-
Transient Occupancy Tax	14,784,959	16,228,842	17,000,000	17,033,020	17,033,020
Business License Tax	3,009,411	3,071,954	3,156,162	3,219,285	3,283,671
Utility Users Tax	3,078,370	3,039,026	2,995,869	2,776,359	2,754,868
Franchise Fees	1,622,089	1,677,591	1,769,161	1,761,698	1,754,353
Other Taxes	142,975	160,878	161,345	166,000	165,850
<b>Total Taxes</b>	<b>40,014,490</b>	<b>42,625,387</b>	<b>43,134,508</b>	<b>44,509,084</b>	<b>44,294,490</b>
Administrative Support Fee	2,395,543	4,204,315	2,527,935	2,769,463	2,824,852
Police Fees	24,426	34,540	25,750	27,200	27,250
Fire Service Fees	4,734,651	7,306,098	6,683,095	6,688,646	6,739,979
Public Works Fees	1,020,324	1,302,259	911,600	908,000	856,000
Recreation Fees	5,321,750	5,344,490	5,480,839	5,485,192	5,508,281
Library/Museum Fees	87,027	84,290	54,582	59,660	64,660
Conference Center Fees	1,272,608	1,119,152	1,170,000	299,250	598,500
Harbor Fees	135,340	197,639	151,560	174,560	164,560
Other Fees & Charges	35,426	5,393	5,400	5,400	400
<b>Total Fees &amp; Charges</b>	<b>15,027,093</b>	<b>19,598,175</b>	<b>17,010,761</b>	<b>16,417,371</b>	<b>16,784,482</b>
Rental Income	3,076,913	3,306,588	3,236,385	3,322,112	3,410,364
Interest Income	303,177	267,071	243,915	345,976	716,715
Interest Income - Loans	756,540	705,152	679,930	653,572	626,028
Other Interest & Rents	46,718	48,185	35,500	38,500	38,500
<b>Total Interest &amp; Rents</b>	<b>4,183,348</b>	<b>4,326,995</b>	<b>4,195,730</b>	<b>4,360,160</b>	<b>4,791,607</b>
Grants	544,291	705,530	791,998	13,826	13,201
Other Intergov. Reimbursements	402,219	294,558	501,837	119,000	120,000
<b>Total Intergovernmental</b>	<b>946,510</b>	<b>1,000,088</b>	<b>1,293,835</b>	<b>132,826</b>	<b>133,201</b>
Construction Permits	511,760	591,400	600,000	525,000	525,000
Police Permits	285,693	243,712	297,867	295,013	296,000
Camp Permits	230,143	267,970	225,000	250,000	250,000
Other Permits	72,819	225,613	64,098	54,000	54,000
<b>Total License &amp; Permits</b>	<b>1,100,414</b>	<b>1,328,695</b>	<b>1,186,965</b>	<b>1,124,013</b>	<b>1,125,000</b>
Police Fines & Forfeitures	280,945	258,553	220,200	230,000	242,000
Other Fines	5,701	6,984	(776)	1,850	1,850
<b>Total Fines &amp; Forfeitures</b>	<b>286,646</b>	<b>265,537</b>	<b>219,424</b>	<b>231,850</b>	<b>243,850</b>
Loan Repayments	451	-	585,728	612,086	639,630
Reimbursements	206,918	238,236	246,214	209,000	75,000
Other Revenue	245,623	361,913	211,911	227,975	370,570
<b>Total Other Revenue</b>	<b>452,993</b>	<b>600,149</b>	<b>1,043,853</b>	<b>1,049,061</b>	<b>1,085,200</b>
<b>Total Transfers In</b>	<b>573,014</b>	<b>914,708</b>	<b>826,999</b>	<b>485,499</b>	<b>518,134</b>
<b>Total General Fund</b>	<b>\$ 62,584,508</b>	<b>\$ 70,659,733</b>	<b>\$ 68,912,075</b>	<b>\$ 68,309,864</b>	<b>\$ 68,975,964</b>
<b>Special Revenue Funds</b>					
Maintenance Districts Assessments	\$ 79,614	\$ 75,503	\$ 77,685	\$ 90,806	\$ 90,806
Measure P Tax	-	-	-	8,263,202	8,560,677
Gas Tax	664,886	926,547	773,747	654,241	626,483
Public Education Access/Cable TV	174,622	172,283	150,000	150,000	150,000
<b>Total Taxes</b>	<b>919,121</b>	<b>1,174,334</b>	<b>1,001,432</b>	<b>9,158,249</b>	<b>9,427,966</b>
Sewer & Storm Water Fees	3,174,496	3,492,521	3,096,820	3,659,256	3,720,462
Construction Truck Impact Fee	215,405	350	-	-	-
Library Fees	7,754	7,368	7,300	7,300	7,300
Other Fees & Charges	45,462	74,828	43,678	13,000	35,000
<b>Total Fees &amp; Charges</b>	<b>3,443,117</b>	<b>3,575,067</b>	<b>3,147,798</b>	<b>3,679,556</b>	<b>3,762,762</b>
Rental Income	916,620	1,005,978	816,000	1,057,250	1,103,000
Interest Income	145,755	125,034	179,460	258,588	528,110
Interest Income - Loans	61,878	143,882	112,800	105,000	110,000
<b>Total Interest &amp; Rents</b>	<b>1,124,254</b>	<b>1,274,894</b>	<b>1,108,260</b>	<b>1,420,838</b>	<b>1,741,110</b>



## SUMMARY OF REVENUES AND TRANSFERS IN

	2012-13 ACTUAL REVENUE	2013-14 ACTUAL REVENUE	2014-15 AMENDED BUDGET	2015-16 PROPOSED BUDGET	2016-17 PROPOSED BUDGET
<b>General Fund</b>					
Grants	212,976	140,624	504,150	293,000	293,200
Other Intergov. Reimbursements	9,654	6,468	48,000	44,000	44,000
<b>Total Intergovernmental</b>	<b>222,630</b>	<b>147,091</b>	<b>552,150</b>	<b>337,000</b>	<b>337,200</b>
Loan Repayments	-	-	178,000	170,000	170,000
Other Revenue	203,392	339,269	495,342	378,057	383,030
<b>Total Other Revenue</b>	<b>203,392</b>	<b>339,269</b>	<b>673,342</b>	<b>548,057</b>	<b>553,030</b>
<b>Total Transfers In</b>	<b>39,147</b>	<b>237,197</b>	<b>40,391</b>	<b>41,199</b>	<b>242,023</b>
<b>Total Special Revenue Funds</b>	<b>\$ 5,951,660</b>	<b>\$ 6,747,851</b>	<b>\$ 6,523,373</b>	<b>\$ 15,184,899</b>	<b>\$ 16,064,091</b>
<b>Debt Service Funds</b>					
Lease Revenue	\$ 109,039	\$ -	\$ -	\$ -	\$ -
Interest Income	36,362	21,263	111,837	397,665	407,279
<b>Total Interest &amp; Rents</b>	<b>145,401</b>	<b>21,263</b>	<b>111,837</b>	<b>397,665</b>	<b>407,279</b>
Loan Repayments	17,825	17,825	-	17,825	17,825
<b>Total Other Revenue</b>	<b>17,825</b>	<b>17,825</b>	<b>-</b>	<b>17,825</b>	<b>17,825</b>
<b>Total Transfers In</b>	<b>629,440</b>	<b>573,849</b>	<b>538,965</b>	<b>543,516</b>	<b>542,487</b>
<b>Total Debt Service Funds</b>	<b>\$ 792,666</b>	<b>\$ 612,937</b>	<b>\$ 650,802</b>	<b>\$ 959,006</b>	<b>\$ 967,591</b>
<b>Enterprise Funds</b>					
Marina Fees	\$ 2,351,819	\$ 2,543,680	\$ 2,415,000	\$ 2,505,000	\$ 2,530,600
Cemetery Fees	347,321	365,707	284,300	188,000	188,000
Parking Fees	6,071,656	6,582,632	6,142,800	6,293,500	6,293,500
Presidio Contract Service Fees	11,284,765	9,120,880	11,868,218	7,251,781	7,365,236
Navy Contract Service Fees	329,826	221,742	238,875	454,050	454,050
<b>Total Fees and Charges</b>	<b>20,385,387</b>	<b>18,834,641</b>	<b>20,949,193</b>	<b>16,692,331</b>	<b>16,831,386</b>
Rental Income	828,751	963,663	924,865	937,195	947,815
Interest Income	103,941	87,160	72,261	94,595	185,243
<b>Total Interest &amp; Rents</b>	<b>932,692</b>	<b>1,050,823</b>	<b>997,126</b>	<b>1,031,790</b>	<b>1,133,058</b>
Grants	4,026	-	14,000	14,000	10,000
<b>Total Intergovernmental</b>	<b>4,026</b>	<b>-</b>	<b>14,000</b>	<b>14,000</b>	<b>10,000</b>
Parking Permits	693,036	701,148	645,100	701,000	701,000
<b>Total Licenses &amp; Permits</b>	<b>693,036</b>	<b>701,148</b>	<b>645,100</b>	<b>701,000</b>	<b>701,000</b>
Court Fines	885,635	845,565	850,000	850,000	850,000
<b>Total Fines &amp; Forfeitures</b>	<b>885,635</b>	<b>845,565</b>	<b>850,000</b>	<b>850,000</b>	<b>850,000</b>
Other Revenue	116,928	167,041	138,953	115,100	115,100
<b>Total Other Revenue</b>	<b>116,928</b>	<b>167,041</b>	<b>138,953</b>	<b>115,100</b>	<b>115,100</b>
<b>Total Transfers In</b>	<b>209,570</b>	<b>266,739</b>	<b>2,729,362</b>	<b>315,003</b>	<b>321,873</b>
<b>Total Enterprise Funds</b>	<b>\$ 23,227,274</b>	<b>\$ 21,865,957</b>	<b>\$ 26,323,734</b>	<b>\$ 19,719,224</b>	<b>\$ 19,962,417</b>
<b>Internal Service Funds</b>					
Vehicle Maintenance/Replacement	\$ 2,542,504	\$ 2,865,634	\$ 4,578,292	\$ 2,762,211	\$ 2,753,039
Information Resources	2,764,433	3,187,565	2,914,818	3,037,148	3,117,000
Workers Compensation	2,422,909	2,470,014	2,553,295	2,387,269	2,423,079
Liability & Property Insurance	1,050,124	1,174,838	1,135,436	1,225,082	1,189,669
Health Insurance Trust	6,164,971	7,388,550	7,572,000	7,978,000	8,330,000
<b>Total Fees and Charges</b>	<b>14,944,940</b>	<b>17,086,601</b>	<b>18,753,841</b>	<b>17,389,710</b>	<b>17,812,787</b>
Interest Income	18,307	15,680	9,473	21,124	43,760
<b>Total Interest &amp; Rents</b>	<b>18,307</b>	<b>15,680</b>	<b>9,473</b>	<b>21,124</b>	<b>43,760</b>
Grants	19,276	-	-	-	-
<b>Total Intergovernmental</b>	<b>19,276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## SUMMARY OF REVENUES AND TRANSFERS IN

	2012-13 ACTUAL REVENUE	2013-14 ACTUAL REVENUE	2014-15 AMENDED BUDGET	2015-16 PROPOSED BUDGET	2016-17 PROPOSED BUDGET
<b>Internal Service Funds</b>					
Refunds	203,252	1,661,162	200,000	200,000	200,000
Sale of Property	125,384	25,935	-	40,000	20,000
Other Revenue	34,109	265,302	-	-	-
<b>Total Other Revenue</b>	<b>362,745</b>	<b>1,952,398</b>	<b>200,000</b>	<b>240,000</b>	<b>220,000</b>
<b>Total Transfers In</b>	<b>504,612</b>	<b>191,878</b>	<b>327,378</b>	<b>826,501</b>	<b>189,528</b>
<b>Total Internal Service Funds</b>	<b>\$ 15,849,881</b>	<b>\$ 19,246,558</b>	<b>\$ 19,290,692</b>	<b>\$ 18,477,335</b>	<b>\$ 18,266,075</b>
<b>Agency Funds</b>					
Property Tax	\$ 499,195	\$ 867,535	\$ 25,000	\$ -	\$ -
Conference Center Facilities Dist. Tax	-	-	-	4,165,500	4,319,500
<b>Total Taxes</b>	<b>499,195</b>	<b>867,535</b>	<b>25,000</b>	<b>4,165,500</b>	<b>4,319,500</b>
Promotion District Fees	1,868,329	328,619	-	-	-
<b>Total Fees and Charges</b>	<b>1,868,329</b>	<b>328,619</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest Income	9,469	93,388	248	328,849	362,512
<b>Total Interest &amp; Rents</b>	<b>9,469</b>	<b>93,388</b>	<b>248</b>	<b>328,849</b>	<b>362,512</b>
Other Revenue	5,943	6,677	-	27,000	27,000
<b>Total Other Revenue</b>	<b>5,943</b>	<b>6,677</b>	<b>-</b>	<b>27,000</b>	<b>27,000</b>
<b>Total Transfers In</b>	<b>2,189,629</b>	<b>3,898,488</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Agency Funds</b>	<b>\$ 4,572,566</b>	<b>\$ 5,194,708</b>	<b>\$ 25,248</b>	<b>\$ 4,521,349</b>	<b>\$ 4,709,012</b>
<b>TOTAL ALL FUNDS</b>	<b>\$ 112,978,556</b>	<b>\$ 124,327,744</b>	<b>\$ 121,725,925</b>	<b>\$ 127,171,677</b>	<b>\$ 128,945,150</b>







## SUMMARY OF EXPENDITURES AND TRANSFERS OUT

	2012-13 ACTUAL EXPENSES	2013-14 ACTUAL EXPENSES	2014-15 AMENDED BUDGET	2015-16 PROPOSED BUDGET	2016-17 PROPOSED BUDGET
<b>General Fund by Department/Division</b>					
Mayor-Council	\$ 116,013	\$ 124,308	\$ 132,776	\$ 130,016	130,986
City Manager	779,190	749,163	801,925	753,011	770,981
Communications & Outreach	317,642	330,340	343,867	400,858	407,428
City Clerk	625,276	528,868	514,190	457,155	536,942
City Attorney	707,214	816,781	795,627	875,465	901,612
Human Resources	629,087	740,881	767,549	671,522	680,528
Finance	2,100,997	2,070,652	2,217,517	2,272,083	2,314,623
Police Administration	1,829,380	2,143,529	2,247,439	2,191,614	2,199,878
Police Field Operations	7,648,409	7,872,900	8,743,137	8,518,293	8,779,119
Police Support Services	1,738,212	1,475,412	1,701,712	1,979,933	2,090,130
Police Investigations & Comm Svc	1,600,407	1,658,371	1,602,266	1,614,668	1,655,838
Fire Administration	1,147,776	1,283,965	1,288,272	1,333,273	1,328,898
Fire Prevention	349,718	340,989	353,606	354,951	360,364
Fire Operations	12,739,928	14,109,769	14,893,255	13,909,023	14,388,492
Fire Training	29,100	33,953	135,263	231,998	66,489
Fire Emergency Preparedness	96,826	101,052	104,659	120,074	121,203
Public Works Administration	776,857	902,449	938,814	1,135,683	1,102,614
Planning Engineering & Environ Comp	1,656,532	1,581,334	1,658,915	1,561,565	1,621,744
Engineering/Safety	74,175	46,375	157,876	166,326	162,784
Building Safety & Inspection	1,191,804	1,273,929	1,551,306	1,380,815	1,414,441
Economic Development	109,782	93,924	116,500	116,500	116,500
Capital Projects	550,339	491,717	519,035	556,621	555,805
Transportation Engineering	408,487	497,914	364,754	327,221	378,940
Street Maintenance	1,664,673	1,252,918	1,336,656	1,302,445	1,320,529
Building Maintenance/HVAC	1,766,567	1,774,712	1,426,147	1,449,232	1,456,031
Custodial Services	953,428	968,896	1,035,492	1,132,394	1,153,317
Parks	3,378,390	3,522,207	3,618,845	3,582,812	3,634,616
Urban Forestry	736,923	755,665	854,079	816,423	828,888
Property Management	365,600	401,093	474,947	514,560	499,646
Library Administration	1,014,663	951,940	918,938	952,721	973,653
Library Support Services	520,032	560,305	526,086	493,846	508,632
Library Reference Services	266,606	301,649	330,196	337,450	351,905
Library Youth Services	400,187	351,389	452,126	422,724	441,474
Library Readers Services	490,444	528,594	555,499	610,780	626,983
Museum	326,324	320,861	318,986	271,614	275,409
Conference Center Administration	487,891	472,395	500,943	566,260	578,048
Conference Center Sales	311,028	330,398	387,313	444,737	496,162
Conference Center Event Operations	906,167	889,024	891,471	1,071,045	890,304
Conference Center Maint/Landscape	462,392	448,928	538,382	272,874	507,937
Visitor Promotion	897,370	1,016,974	1,082,288	1,082,288	1,082,288
Harbor Administration	413,376	345,634	310,273	318,105	324,656
Harbor Maintenance	293,036	245,009	284,553	292,113	298,968
Harbor Security	80,700	119,864	68,539	74,477	73,780
Recreation Administration	845,004	900,333	976,181	1,031,113	1,048,054
Monterey Youth Center	355,468	387,920	404,815	415,715	421,188
Scholze Park Center	225,494	261,659	274,535	276,795	285,115
Archer Park Center	3,508	4,780	3,910	4,166	4,174
Hilltop Park Center	331,645	330,857	375,934	381,056	386,757
Casanova Oak Knoll Park Center	293,570	303,977	323,735	338,374	345,693
Recreation Special Programs/Events	432,783	511,868	564,517	575,164	581,762
Recreation Sports Programs	220,811	167,953	307,829	290,647	300,082
Monterey Sports Center	4,760,717	5,018,669	5,012,464	5,228,891	5,197,323
Community/Municipal Promotion	39,046	-	126,993	78,079	78,079
Intergovernmental Relations	153,958	183,539	255,875	227,653	227,653
Non-Departmental	629,304	499,504	491,349	271,958	272,589
Transfers Out	3,362,828	4,882,853	833,234	859,916	1,060,038
<b>Total General Fund</b>	<b>\$ 64,613,084</b>	<b>\$ 68,280,942</b>	<b>\$ 67,813,391</b>	<b>\$ 67,047,095</b>	<b>\$ 68,618,069</b>

## SUMMARY OF EXPENDITURES AND TRANSFERS OUT

	2012-13 ACTUAL EXPENSES	2013-14 ACTUAL EXPENSES	2014-15 AMENDED BUDGET	2015-16 PROPOSED BUDGET	2016-17 PROPOSED BUDGET
<b>Special Revenue Funds</b>					
205 Sewer Mains	\$ 3,391	\$ -	\$ -	\$ -	\$ -
210 Wharf I Sprinkler System	2,176	9,270	20,600	20,600	20,600
215 Skyline Forest Service District	16,447	10,602	17,135	17,135	17,135
243 Grant Funds (240, 244, 246, 249, 250)	98,212	25,888	13,624	13,000	13,000
251 Gas Tax	8,721	-	-	-	-
255 Construction Truck Impact Fee	445	1,457	-	-	-
261 Alvarado Street Maintenance District	65,333	72,560	115,536	93,173	93,695
262 Calle Principal Maintenance District	14,434	15,936	21,814	25,279	25,450
252 Street Infrastructure Rehab Fund	-	-	-	-	-
263 So. Cannery Row Parking District	-	-	-	-	-
264 Parking Adjustment Fee - Fund A	5	-	-	-	-
266 Transportation Management	5	-	-	-	-
267 Cannery Row Parking Variances	5	-	-	-	-
268 RDA Housing Successor Agency	219,661	307,116	2,109,296	1,480,565	218,136
270 Community Development Block Grant	615,589	496,045	1,168,938	1,093,563	315,842
274 Home - Estrella	3,042	6,037	218,036	78,934	19,384
277 Park Dedication Fees	-	-	-	-	-
278 Home Grant	482	77,671	-	30,000	-
279 Sewer Line Maintenance	929,462	920,926	1,271,177	2,263,454	2,294,223
280 Storm Water Utility	927,578	971,420	1,491,649	1,157,200	1,176,457
281 Integrated Regional Watershed Mgmt	96	-	-	-	-
290 Water System Improvement	26,644	-	19,750	25,750	25,750
291 Public Safety Training & Services	16,004	50,548	257,238	111,255	76,255
292 Asset Seizure	3,294	3,000	10,000	5,000	5,000
295 Federal Emergency Management	-	-	-	-	-
298 Public Educ. & Government Access	149,706	203,061	150,000	150,000	150,000
299 Senior Center Programs	25,109	24,968	25,000	25,000	25,000
807 Tidelands Trust	31,414	-	-	-	-
810 Library Trust	160,839	184,676	201,759	176,669	74,308
818 Museum Trust	4,048	2,739	6,450	6,450	6,450
821 Scholze Trust	13,600	-	-	-	-
961 Golden 55 Travelers	45,338	35,898	75,000	60,040	60,040
Transfers Out	174,961	184,194	1,475,303	643,800	156,000
<b>Total Special Funds</b>	<b>\$ 3,556,039</b>	<b>\$ 3,604,011</b>	<b>\$ 8,668,305</b>	<b>\$ 7,476,868</b>	<b>\$ 4,772,726</b>
<b>Debt Service Funds</b>					
310 Debt Service	\$ 636,478	\$ 1,239,971	\$ 542,465	\$ 541,501	\$ 545,986
640 Monterey Financing Authority (JPA)	149,349	128,194	391,325	403,655	414,275
Transfers Out	1,495	100,000	70,000	-	-
<b>Total Debt Service Funds</b>	<b>\$ 787,322</b>	<b>\$ 1,468,165</b>	<b>\$ 1,003,790</b>	<b>\$ 945,156</b>	<b>\$ 960,261</b>
<b>Enterprise Funds</b>					
600 Marina	\$ 2,324,992	\$ 2,228,058	\$ 2,240,421	\$ 2,016,479	\$ 1,987,800
610 Cemetery	192,411	242,725	199,289	186,158	188,699
625 Parking	6,826,055	7,502,409	7,836,095	7,468,427	7,539,391
641 Materials Recovery Facility	247,538	226,953	395,625	407,955	418,575
650 Presidio of Monterey Public Works	11,571,576	8,474,448	15,710,750	7,251,781	7,379,553
655 Navy Services	309,906	236,848	468,300	454,050	454,050
660 Institutional Network (I-NET) Fund	2,733	-	-	-	-
Transfers Out	606,128	748,812	2,034,268	708,002	598,007
<b>Total Enterprise Funds</b>	<b>\$ 22,081,339</b>	<b>\$ 19,660,253</b>	<b>\$ 28,884,748</b>	<b>\$ 18,492,852</b>	<b>\$ 18,566,075</b>
<b>Internal Service Funds</b>					
705 Equipment Replacement	\$ 1,625,189	\$ 548,910	\$ 990,166	\$ 749,900	\$ -
708 Vehicle Maintenance	1,961,297	2,039,197	2,017,867	1,910,016	1,870,571
710 Information Services	2,871,674	2,769,284	3,972,822	3,681,918	2,921,311
715 Worker's Comp Insurance Trust	2,470,484	2,271,662	2,759,235	2,696,443	2,710,830
716 Liability & Property Insurance	1,970,909	1,038,302	1,693,625	1,236,523	1,245,837
718 Health Insurance Trust	6,602,529	7,282,087	7,622,888	7,938,988	8,275,888
Transfers Out	-	167,000	-	-	-
<b>Total Internal Service Funds</b>	<b>\$ 17,502,082</b>	<b>\$ 16,116,441</b>	<b>\$ 19,056,603</b>	<b>\$ 18,213,787</b>	<b>\$ 17,024,437</b>
<b>Agency Funds</b>					
314 RDA Obligation Retirement Fund	\$ 5,622,567	\$ 4,652,665	\$ 61,274	\$ 10,000	\$ 10,000
642 Ocean View Community Services District	5,943	1,381	27,000	27,000	27,000
900 Special Deposits Fund	669	-	-	-	-
918 Conference Center Facilities District	-	-	-	-	460,023
952 MCVB Tourism BID	1,865,231	328,458	1,500,000	-	-
<b>Total Agency Funds</b>	<b>\$ 7,494,410</b>	<b>\$ 4,982,504</b>	<b>\$ 1,588,274</b>	<b>\$ 37,000</b>	<b>\$ 497,023</b>
<b>Total All Funds</b>	<b>\$ 116,034,276</b>	<b>\$ 114,112,317</b>	<b>\$ 127,015,111</b>	<b>\$ 112,212,758</b>	<b>\$ 110,438,591</b>

## Changes in Personnel Costs

The proposed budget includes a decrease of 3.42 full-time and regular part-time equivalent positions compared to the FY15 Amended Budget. This decrease from 484.17 to 480.75 is mainly due to completion of the Staffing for Adequate Fire and Emergency Response (SAFER) grant, which funded six firefighter positions for three years. The Fire Department will retain three firefighter positions funded through reductions in overtime. These firefighter positions fill “relief firefighter” roles to backfill for training, scheduled time off, and other unanticipated vacancies, which otherwise would require overtime staffing.

The City Manager department eliminated a vacant Citywide Events Coordinator (.50 FTE), reduced the Sr. Executive Assistant position to an Executive Assistant I (.50 FTE) and increased the Media Assistant from .75 FTE to 1.0 FTE. These position changes resulted in no net cost increase to the department.

The Police department added a Police Services Technician effective the second half of FY16. This additional position, along with two additional Police Officer positions included in the FY18 forecast, will be funded by the freezing of a Police Lieutenant position.

The Plans and Public Works department requested an extension to June 30, 2019 of the Public Works Inspector and Engineering Technician contract positions in anticipation of the increased workload from the Conference Center renovation. Lastly, the Property Management division, also under Plans and Public Works, is proposing to unfreeze the Real Estate Analyst position for a period of two years.

In FY2015, the following positions were frozen. In the FY16 and FY17 budgets, the positions continue to remain frozen, along with the addition a Police Lieutenant position, generating \$776,702 and \$820,932, respectively, in annual budgetary savings.

Position Title
Assistant Director Plans & Public Works
Senior Street Maintenance Worker
Signal Maintenance Technician
Park Maintenance Supervisor
Pest Control Advisor
Police Lieutenant

## Overall Personnel Cost Changes

The cost of health benefits continue to increase. Last calendar year, medical costs rose an estimated 2.34% and are expected to continue to climb. For FY16 and FY17, an estimated 3% annual increase is projected in the budget.

The most significant change in personnel cost continues to be the cost of employer contributions for the pensions of miscellaneous and public safety employees covered under the California Public Employees Retirement System (CalPERS). City's pension contribution rates to CalPERS have increased during the last ten years and are expected to continue to rise significantly in the years to come. In comparison to the FY2015 Amended Budget, citywide pension costs are projected to increase by approximately \$692 thousand, or 7.14%, from \$9.7 million to \$10.4 million in FY16. In the Fiscal Year

2017 Proposed Budget, pension costs are projected to increase by \$1.1 million, or 10.72%, from \$10.4 million to \$11.5 million.

On September 16, 2011 the City of Monterey amended its contract with CalPERS to incorporate cost-sharing of the City's employer rate. Currently, Safety-Fire employees contribute an additional 4%, and Safety-Police and Miscellaneous employees an additional 3%. However, due to negotiations still in progress with the Police bargaining groups, the FY16 and FY17 budget reflect the status quo MOU terms where the cost-sharing expires June 30, 2015. The table below shows the tiers, rates and saving from employer cost-sharing:

<b>FY 15/16</b>	<b>1st Tier (Classic)</b>	<b>CalPERS Employer Rate</b>	<b>Employer Cost-Sharing</b>	<b>Adjusted Employer Rate</b>	<b>2nd Tier (PEPRA)</b>	<b>CalPERS Employer Rate</b>	<b>Employer Cost-Sharing</b>	<b>Adjusted Employer Rate</b>
Miscellaneous	2.7% @ 55	25.766%	-3%	22.766%	2% @ 62	25.766%	0%	25.766%
Safety-Police	3% @ 50	35.852%	0%	35.852%	2.7% @ 57	11.153%	0%	11.153%
Safety-Fire	3% @ 50	35.852%	-4%	31.852%	2.7% @ 57	11.153%	0%	11.153%

<b>Projected FY 16/17</b>	<b>1st Tier (Classic)</b>	<b>CalPERS Employer Rate</b>	<b>Employer Cost-Sharing</b>	<b>Adjusted Employer Rate</b>	<b>2nd Tier (PEPRA)</b>	<b>CalPERS Employer Rate</b>	<b>Employer Cost-Sharing</b>	<b>Adjusted Employer Rate</b>
Miscellaneous	2.7% @ 55	27.700%	-3%	24.700%	2% @ 62	27.700%	0%	27.700%
Safety-Police	3% @ 50	39.195%	0%	39.195%	2.7% @ 57	11.500%	0%	11.500%
Safety-Fire	3% @ 50	39.195%	-4%	35.195%	2.7% @ 57	11.500%	0%	11.500%

With the implementation of the Tier 2 pension plan in 2013, the pension expense growth is projected to decrease in the long-term. According to the City's actuary, the City should see a reduction in pension costs, albeit small at first, within ten to fifteen years after implementing the second tier. As of May 2015, 38 employees or 8% of the City's current full-time employees are enrolled in the Tier 2 pension benefit plan.

Despite efforts to contain costs, new mandates and enacted legislation continue to add significant fiscal challenges to local agencies across the nation. GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, required public agencies to begin to recognize the liability to retirees (current and future) for its promised contribution to their health insurance. The current monthly contribution is \$122 per retiree, the minimum contribution required by the State. On March 2013, the City Council adopted a resolution authorizing the City of Monterey to enter into agreement with CalPERS to participate in the California Employers' Retiree Benefit Trust (CERBT). The City initiated the trust with the intent to be fully-funded by the end of a five-year term; contributions to reach this goal are included in the proposed budget.



All photos courtesy of City of Monterey's Communications Office

PROPOSED POSITION CONTROL LIST 2015-16 & 2016-17					
	2013-14 Amended	2014-15 Adopted	2014-15 Amended	2015-16 Proposed	2016-17 Proposed
<b>CITY MANAGER DEPARTMENT</b>					
<b><u>Administration 0210</u></b>					
Assistant City Manager	0.85	0.85	0.85	1.00	1.00
City Manager	1.00	1.00	1.00	1.00	1.00
Citywide Events Coordinator	0.50	0.50	0.50	0.00	0.00
Senior Executive Assistant	1.00	1.00	1.00	0.00	0.00
Executive Assistant I	0.00	0.00	0.00	0.50	0.50
<b><u>Community Resources/Education 0211</u></b>					
Communications Assistant	1.00	1.00	1.00	1.00	1.00
Communications & Outreach Mgr.	1.00	1.00	1.00	1.00	1.00
Media Assistant	0.75	0.75	0.75	1.00	1.00
<b>CITY MANAGER DEPARTMENT TOTAL</b>	<b>6.10</b>	<b>6.10</b>	<b>6.10</b>	<b>5.50</b>	<b>5.50</b>
<b>INFORMATION SERVICES DEPARTMENT</b>					
<b><u>City Clerk 0321</u></b>					
Director of Info. Res./City Clerk	1.00	0.50	0.50	0.50	0.50
Executive Assistant I	1.00	1.00	1.00	1.00	1.00
Senior Assistant City Clerk	1.00	1.00	1.00	1.00	1.00
<b><u>Information Services 710-0340</u></b>					
Director of Info. Res./City Clerk	0.00	0.50	0.50	0.50	0.50
GIS Coordinator	1.00	1.00	1.00	1.00	1.00
Information Solutions Manager	1.00	1.00	1.00	1.00	1.00
Network Analyst	1.00	1.00	1.00	1.00	1.00
Network Engineer	1.00	1.00	1.00	1.00	1.00
Network Specialist	2.00	2.00	2.00	2.00	2.00
Program Manager	1.00	1.00	1.00	1.00	1.00
Systems Analyst	3.00	3.00	3.00	3.00	3.00
<b>INFORMATION SERVICES DEPARTMENT TOTAL</b>	<b>13.00</b>	<b>13.00</b>	<b>13.00</b>	<b>13.00</b>	<b>13.00</b>
<b>CITY ATTORNEY DEPARTMENT</b>					
<b><u>City Attorney Administration 0500</u></b>					
Assistant City Attorney	1.00	1.00	1.00	1.00	1.00
City Attorney	1.00	1.00	1.00	1.00	1.00
Executive Assistant II	1.00	0.00	0.00	0.00	0.00
Legal Assistant	0.75	0.00	0.00	0.00	0.00
Legal Secretary	0.00	1.00	1.00	1.00	1.00
Paralegal	0.00	0.75	0.75	0.75	0.75
<b>CITY ATTORNEY DEPARTMENT TOTAL</b>	<b>3.75</b>	<b>3.75</b>	<b>3.75</b>	<b>3.75</b>	<b>3.75</b>
<b>HUMAN RESOURCES DEPARTMENT</b>					
<b><u>Human Resources Administration 0600</u></b>					
Benefits Manager	0.50	0.25	0.25	0.25	0.25
Employee Relations Manager	1.00	1.00	1.00	1.00	1.00
Executive Assistant I	0.50	1.00	1.00	1.00	1.00
Human Resources Analyst	1.00	1.00	1.00	1.00	1.00
Human Resources Assistant	0.90	1.00	1.00	1.00	1.00
Human Resources Director	0.85	0.85	0.85	0.50	0.50
<b><u>Workers' Comp/Employ. Benefits 715-0612</u></b>					
Administrative Assistant II	0.50	1.00	1.00	1.00	1.00
Assistant City Manager	0.15	0.15	0.15	0.00	0.00
Benefits Manager	0.50	0.75	0.75	0.75	0.75
Executive Assistant I	0.50	0.00	0.00	0.00	0.00
Human Resources Assistant	0.10	0.00	0.00	0.00	0.00
Human Resources Director	0.15	0.15	0.15	0.50	0.50
<b>HUMAN RESOURCES DEPARTMENT TOTAL</b>	<b>6.65</b>	<b>7.15</b>	<b>7.15</b>	<b>7.00</b>	<b>7.00</b>
<b>FINANCE DEPARTMENT</b>					
<b><u>Finance 1110/Revenue 1120/Accounting 1130</u></b>					
Accountant/Auditor	2.00	2.00	3.00	3.00	3.00
Accounting Assistant	3.00	3.00	3.00	3.00	3.00
Accounting Specialist	4.00	4.00	4.00	4.00	4.00
Assistant Finance Director	1.00	1.00	1.00	1.00	1.00
Executive Assistant I	0.50	0.50	0.50	0.50	0.50
Finance Analyst	1.00	1.00	1.00	1.00	1.00
Finance Director	0.90	0.90	0.90	0.90	0.90

PROPOSED POSITION CONTROL LIST 2015-16 & 2016-17					
	2013-14 Amended	2014-15 Adopted	2014-15 Amended	2015-16 Proposed	2016-17 Proposed
Grant Coordinator	1.00	1.00	0.00	0.00	0.00
Revenue Manager	1.00	1.00	1.00	1.00	1.00
Senior Accountant	1.00	1.00	1.00	1.00	1.00
<b><u>Risk Management 716-1143</u></b>					
Administrative Services Manager	1.00	1.00	1.00	1.00	1.00
Executive Assistant I	0.50	0.50	0.50	0.50	0.50
Finance Director	0.10	0.10	0.10	0.10	0.10
<b>FINANCE DEPARTMENT TOTAL</b>	<b>17.00</b>	<b>17.00</b>	<b>17.00</b>	<b>17.00</b>	<b>17.00</b>
<b>POLICE DEPARTMENT</b>					
<b><u>Administration 2110</u></b>					
Administrative Analyst	1.00	1.00	1.00	1.00	1.00
Administrative Assistant II	0.00	0.00	0.00	1.00	1.00
Executive Assistant I	1.00	1.00	1.00	0.00	0.00
Police Chief	1.00	1.00	1.00	1.00	1.00
Police Officer	1.00	1.00	1.00	1.00	1.00
Police Sergeant	1.00	1.00	1.00	1.00	1.00
<b><u>Field Operations 2120</u></b>					
Assistant Police Chief	1.00	1.00	1.00	1.00	1.00
Police Lieutenant	2.00	2.00	1.00	1.00	1.00
Police Officer	31.00	31.00	31.00	31.00	31.00
Police Sergeant	7.00	7.00	7.00	7.00	7.00
<b><u>Support 2130</u></b>					
Administrative Assistant I	3.50	3.50	3.00	3.00	3.00
Community Service Officer	0.00	0.00	2.00	2.00	2.00
Police Services Technician	7.00	7.00	7.00	8.00	8.00
Records/Detention Supervisor	2.00	2.00	1.00	1.00	1.00
Senior Police Services Technician	3.00	3.00	3.00	3.00	3.00
<b><u>Investigations/Community Services 2140</u></b>					
Police Lieutenant	1.00	1.00	2.00	2.00	2.00
Police Officer	5.00	5.00	5.00	5.00	5.00
Police Sergeant	1.00	1.00	1.00	1.00	1.00
<b>POLICE DEPARTMENT TOTAL</b>	<b>68.50</b>	<b>68.50</b>	<b>69.00</b>	<b>70.00</b>	<b>70.00</b>
<b>FIRE DEPARTMENT</b>					
<b><u>Administration 2510</u></b>					
Administrative Analyst	1.00	1.00	1.00	1.00	1.00
Administrative Assistant I	0.00	0.00	0.75	0.75	0.75
Assistant Fire Chief	1.00	1.00	1.00	1.00	1.00
Executive Assistant I	1.00	1.00	1.00	1.00	1.00
Fire Chief	1.00	1.00	1.00	1.00	1.00
Fire Prevention Technician	1.00	1.00	1.00	1.00	1.00
<b><u>Fire Prevention &amp; Emerg. Preparedness 2520</u></b>					
Deputy Fire Marshal	1.00	1.00	1.00	1.00	1.00
<b><u>Fire Operations 2530</u></b>					
Division Chief	3.00	3.00	3.00	3.00	3.00
Fire Captain	21.00	21.00	22.00	22.00	22.00
Fire Engineer	24.00	24.00	24.00	24.00	24.00
Firefighter	28.00	28.00	28.00	25.00	25.00
<b>FIRE DEPARTMENT TOTAL</b>	<b>82.00</b>	<b>82.00</b>	<b>83.75</b>	<b>80.75</b>	<b>80.75</b>
<b>PLANS &amp; PUBLIC WORKS DEPARTMENT</b>					
<b><u>Administration 3110</u></b>					
Accounting Specialist	1.00	1.00	1.00	1.00	1.00
Assistant Dir Plans & Pw	0.50	0.50	0.50	0.50	0.50
Deputy City Mgr Plans & Pw	1.00	1.00	1.00	1.00	1.00
Executive Assistant I	1.00	1.00	1.00	1.00	1.00
Sr. Administrative Analyst	1.00	1.00	1.00	1.00	1.00
Sustainability Coordinator	1.00	1.00	1.00	1.00	1.00
<b><u>NIP Capital Projects 216-3110</u></b>					
Principal Engineer	0.00	1.00	1.00	1.00	1.00
<b><u>Presidio Maintenance Admin 650-3110</u></b>					

PROPOSED POSITION CONTROL LIST 2015-16 & 2016-17					
	2013-14 Amended	2014-15 Adopted	2014-15 Amended	2015-16 Proposed	2016-17 Proposed
Accounting Assistant	1.00	1.00	1.00	1.00	1.00
Administrative Assistant II	0.50	0.00	0.00	0.00	0.00
Assistant Dir Plans & Pw	0.50	0.50	0.50	0.50	0.50
Legal Assistant	0.25	0.00	0.00	0.00	0.00
Paralegal	0.00	0.25	0.25	0.25	0.25
Quality Control Inspector	1.00	1.00	1.00	1.00	1.00
Senior Administrative Analyst	1.00	1.00	1.00	1.00	1.00
<b><u>Planning, Engineering &amp; Environmental Compliance 3121</u></b>					
Administrative Assistant II	3.00	3.00	3.00	3.00	3.00
Associate Civil Engineer	0.30	0.30	0.30	0.30	0.30
City Engineer	0.10	0.10	0.10	0.10	0.10
Code Compliance Coordinator	0.50	0.50	0.50	0.50	0.50
Chief Planning Eng & Env Comp	0.90	0.90	0.90	0.90	0.90
Engineering Technician	0.88	0.88	0.88	0.88	0.88
Principal Planner	2.78	2.78	2.78	2.78	2.78
Senior Associate Planner	1.83	1.83	1.83	1.83	1.83
Senior Engineer	0.66	0.66	0.66	0.66	0.66
<b><u>Sewer Line Maintenance 279-3121</u></b>					
City Engineer	0.50	0.50	0.50	0.50	0.50
Engineering Technician	0.12	0.12	0.12	0.12	0.12
Environmental Reg. Analyst	0.30	0.30	0.30	0.30	0.30
<b><u>Storm Drain Engineering 280-3121</u></b>					
City Engineer	0.40	0.40	0.40	0.40	0.40
Environmental Reg. Analyst	0.70	0.70	0.70	0.70	0.70
Environmental Reg. Manager	1.00	1.00	1.00	1.00	1.00
<b><u>Engineering/Survey 3122</u></b>					
Associate Engineering Surveyor	1.00	1.00	1.00	1.00	1.00
<b><u>Capital Projects 3140</u></b>					
Administrative Assistant I	1.00	1.00	1.00	1.00	1.00
Associate Civil Engineer	1.00	1.00	1.00	1.00	1.00
Capital Programs Coordinator	1.00	1.00	1.00	1.00	1.00
Construction Projects Manager	1.00	1.00	1.00	1.00	1.00
Engineering Assistant	1.00	1.00	1.00	1.00	1.00
Engineering Technician	1.00	1.00	1.00	1.00	1.00
Principal Engineer	1.00	1.00	1.00	1.00	1.00
Public Works Inspector	1.00	1.00	1.00	1.00	1.00
Senior Engineer	2.00	2.00	2.00	2.00	2.00
<b><u>Storm Drain Capital Projects 280-3140</u></b>					
Senior Engineer	0.10	0.10	0.10	0.10	0.10
<b><u>Traffic Engineering 3144</u></b>					
Associate Civil Engineer	0.70	0.70	0.70	0.70	0.70
City Traffic Engineer	1.00	1.00	1.00	1.00	1.00
Field Assistant II	1.00	0.00	0.00	0.00	0.00
<b><u>Street Maintenance 3151</u></b>					
Fleet and Streets Operations Manager	0.30	0.30	0.30	0.30	0.30
Senior Street Maintenance Worker	2.00	2.00	2.00	2.00	2.00
Sign Craftworker	1.00	1.00	1.00	1.00	1.00
Signal Maintenance Technician	1.00	1.00	1.00	1.00	1.00
Street Maintenance Leadworker	1.74	1.74	1.74	1.74	1.74
Street Maintenance Worker	1.00	1.00	1.00	1.00	1.00
<b><u>Presidio Maintenance Streets 650-3151</u></b>					
Fleet and Streets Operations Manager	0.20	0.20	0.20	0.20	0.20
Senior Street Maintenance Worker	1.00	1.00	1.00	1.00	1.00
Streets Maintenance Leadworker	0.13	0.13	0.13	0.13	0.13
Street Maintenance Worker	1.00	1.00	1.00	1.00	1.00
<b><u>Building Maintenance 3152</u></b>					
Building Maintenance Craftworker	3.00	3.00	3.00	3.00	3.00
Electrician	1.00	1.00	1.00	1.00	1.00
General Srvs Superintendent	0.15	0.15	0.15	0.15	0.15



PROPOSED POSITION CONTROL LIST 2015-16 & 2016-17					
	2013-14 Amended	2014-15 Adopted	2014-15 Amended	2015-16 Proposed	2016-17 Proposed
Maintenance Technician	0.25	0.25	0.25	0.25	0.25
<b><u>Presidio Maintenance Buildings 650-3152</u></b>					
Administrative Analyst	1.00	1.00	1.00	1.00	1.00
Administrative Assistant I	2.00	2.00	2.00	2.00	2.00
Administrative Assistant II	1.00	1.00	1.00	1.00	1.00
Assistant Urban Forester	0.50	0.50	0.50	0.50	0.50
Building Maintenance Craftsworker	8.00	8.00	8.00	8.00	8.00
Building Maintenance Supervisor	2.00	2.00	2.00	2.00	2.00
Building Maintenance Worker	2.00	2.00	2.00	2.00	2.00
Electrician	3.00	3.00	3.00	3.00	3.00
Facilities Maintenance Coordinator	1.00	1.00	1.00	1.00	1.00
General Srvc Superintendent	0.85	0.85	0.85	0.85	0.85
Historic Facilities Sr. Craftsworker	1.00	1.00	1.00	1.00	1.00
HVAC Senior Technician	0.50	0.50	0.50	0.50	0.50
Maintenance Technician	0.75	0.75	0.75	0.75	0.75
Park Maintenance Worker	1.00	1.00	1.00	1.00	1.00
Park Operations Manager	0.03	0.03	0.03	0.03	0.03
Parts Clerk	1.00	1.00	1.00	1.00	1.00
Senior Craftsworker	5.00	5.00	5.00	5.00	5.00
Senior Locksmith	1.00	1.00	1.00	1.00	1.00
Senior Parts Clerk	1.00	1.00	1.00	1.00	1.00
<b><u>Sewer Maintenance 279-3153</u></b>					
Fleet and Streets Operations Manager	0.30	0.30	0.30	0.30	0.30
Senior Engineer	0.24	0.24	0.24	0.24	0.24
Senior Street Maintenance Worker	2.00	2.00	2.00	2.00	2.00
Street & Utilities Supervisor	1.00	1.00	1.00	1.00	1.00
Street Maintenance Leadworker	0.13	0.13	0.13	0.13	0.13
Street Maintenance Worker	2.00	2.00	2.00	2.00	2.00
<b><u>Vehicle Management - Mechanical 708-3154</u></b>					
Fleet and Streets Operations Manager	0.05	0.05	0.05	0.05	0.05
Administrative Assistant I	0.75	0.00	0.00	0.00	0.00
Automotive Mechanic	4.00	4.00	4.00	4.00	4.00
Field Assistant II	0.00	1.00	1.00	1.00	1.00
Fleet Coordinator	1.00	1.00	1.00	1.00	1.00
Lead Mechanic	1.00	1.00	1.00	1.00	1.00
<b><u>Storm Drain/ Maintenance 280-3155</u></b>					
Fleet and Streets Operations Manager	0.15	0.15	0.15	0.15	0.15
Senior Street Maintenance Worker	1.00	1.00	1.00	1.00	1.00
Street & Utilities Supervisor	1.00	1.00	1.00	1.00	1.00
<b><u>Presidio Project Engineering &amp; Admin 650-3159</u></b>					
Associate Mechanical Engineer	1.00	1.00	1.00	1.00	1.00
Senior Engineer	1.00	1.00	1.00	1.00	1.00
<b><u>Presidio HVAC/Boiler Systems 650-3160</u></b>					
Building Maintenance Craftsworker	1.00	1.00	1.00	1.00	1.00
HVAC Senior Technician	0.50	0.50	0.50	0.50	0.50
<b><u>Custodial Services 3172</u></b>					
Custodian	7.00	7.00	7.00	7.00	7.00
Facility Attendant	1.00	1.00	1.00	1.00	1.00
Senior Custodian	2.00	2.00	2.00	2.00	2.00
<b><u>Parks 3210</u></b>					
Maintenance Technician	0.85	0.85	0.85	0.85	0.85
Park Attendant	1.00	1.00	1.00	1.00	1.00
Park Maintenance Craftsworker	1.00	1.00	1.00	1.00	1.00
Park Maintenance Leadworker	2.00	2.00	2.00	2.00	2.00
Park Maintenance Supervisor	2.00	2.00	2.00	2.00	2.00
Park Maintenance Worker	9.60	9.60	9.60	9.60	9.60
Parks Crafts Leadworker	1.00	1.00	1.00	1.00	1.00
Parks Operations Manager	0.80	0.80	0.80	0.80	0.80
Pest Control Advisor	1.00	1.00	1.00	1.00	1.00

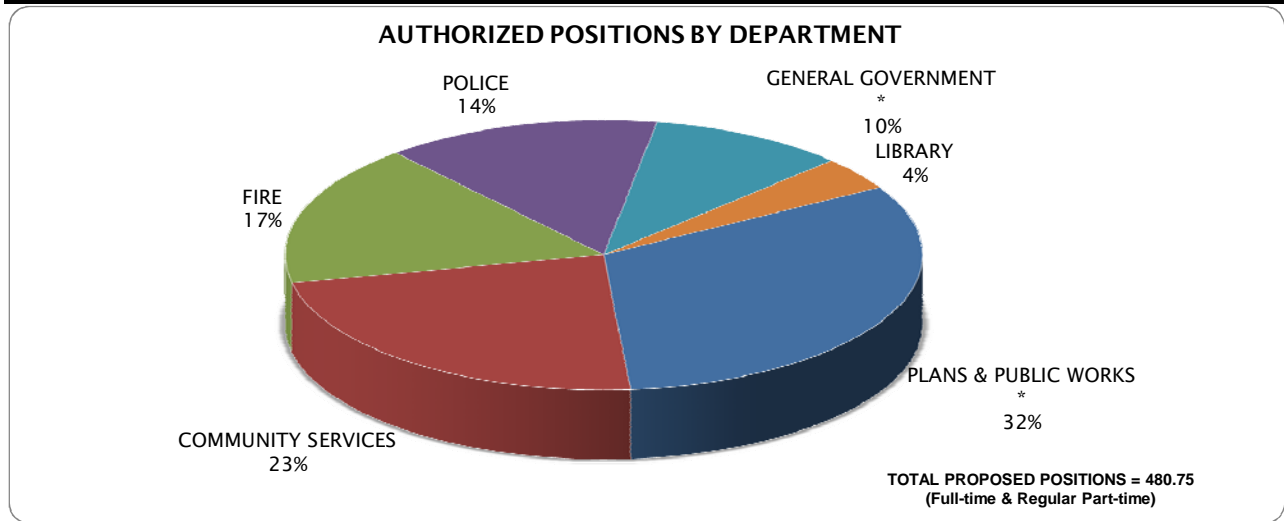


PROPOSED POSITION CONTROL LIST 2015-16 & 2016-17					
	2013-14 Amended	2014-15 Adopted	2014-15 Amended	2015-16 Proposed	2016-17 Proposed
Senior Park Maintenance Worker	3.00	3.00	3.00	3.00	3.00
<b><u>Street Maintenance Districts 261/262-3210</u></b>					
Park Maintenance Worker	0.40	0.40	0.40	0.40	0.40
<b><u>Urban Forestry 3230</u></b>					
Assistant Urban Forester	0.50	0.50	0.50	0.50	0.50
Greenbelt Coordinator	1.00	1.00	1.00	1.00	1.00
Park Operations Manager	0.15	0.15	0.15	0.15	0.15
Maintenance Technician	0.10	0.10	0.10	0.10	0.10
Urban Forester	1.00	1.00	1.00	1.00	1.00
<b><u>Cemetery 610-3240</u></b>					
Cemetery Maintenance Worker	1.00	1.00	1.00	1.00	1.00
Maintenance Technician	0.05	0.05	0.05	0.05	0.05
Park Operations Manager	0.02	0.02	0.02	0.02	0.02
<b><u>Building Safety and Inspection 3410</u></b>					
Administrative Assistant I	0.00	0.75	0.75	0.75	0.75
Administrative Assistant II	1.00	1.00	1.00	1.00	1.00
Building Plans Examiner/Inspector	1.00	1.00	1.00	1.00	1.00
Building Technician	1.00	1.00	1.00	1.00	1.00
Chief Of Inspct Srvc/Bldg Off.	1.00	1.00	1.00	1.00	1.00
Inspector	3.00	3.00	3.00	3.00	3.00
Public Works Inspector	1.00	1.00	1.00	1.00	1.00
<b><u>Housing and Property Mgt. 4300</u></b>					
Administrative Analyst	0.00	0.50	0.50	0.50	0.50
Administrative Analyst - Real Estate	0.90	0.90	0.90	0.90	0.90
Administrative Assistant II	0.40	0.85	0.85	0.85	0.85
Principal Planner	0.00	0.10	0.10	0.10	0.10
Property/Housing Manager	0.40	0.25	0.25	0.25	0.25
Senior Associate Planner	0.00	0.10	0.10	0.10	0.10
<b><u>Housing Administration 270/268-4305</u></b>					
Administrative Analyst	0.90	0.25	0.25	0.25	0.25
Administrative Analyst - Real Estate	0.10	0.10	0.10	0.10	0.10
Administrative Assistant II	0.30	0.10	0.10	0.10	0.10
Chief Planning Eng & Env Comp	0.05	0.10	0.10	0.10	0.10
HCD Coordinator - Housing Programs	1.00	1.00	1.00	1.00	1.00
HCD Coordinator - Projects/Prgm.	0.00	0.20	0.20	0.20	0.20
Principal Planner	0.15	0.07	0.07	0.07	0.07
Property/Housing Manager	0.30	0.45	0.45	0.45	0.45
Senior Associate Planner	0.12	0.00	0.00	0.00	0.00
<b><u>Housing Projects 270/274-4310</u></b>					
Administrative Analyst	0.10	0.25	0.25	0.25	0.25
Administrative Assistant II	0.10	0.05	0.05	0.05	0.05
Code Compliance Coordinator	0.50	0.50	0.50	0.50	0.50
HCD Coordinator - Projects/Prgm.	1.00	0.80	0.80	0.80	0.80
Principal Planner	0.07	0.05	0.05	0.05	0.05
Property/Housing Manager	0.00	0.30	0.30	0.30	0.30
Senior Associate Planner	0.05	0.07	0.07	0.07	0.07
<b><u>Redevelopment Retirement Fund 314-7012</u></b>					
Administrative Assistant II	0.20	0.00	0.00	0.00	0.00
Chief Planning Eng & Env Comp	0.05	0.00	0.00	0.00	0.00
Property/Housing Manager	0.30	0.00	0.00	0.00	0.00
<b>PLANS &amp; PUBLIC WORKS DEPARTMENT TOTAL</b>	<b>153.50</b>	<b>154.00</b>	<b>154.00</b>	<b>154.00</b>	<b>154.00</b>
<b>COMMUNITY SERVICES</b>					
<b><u>Recreation Administration 5110</u></b>					
Administrative Analyst	1.00	1.00	1.00	1.00	1.00
Administrative Assistant I	1.50	1.50	1.50	1.50	1.50
Community Services Director	0.33	0.50	0.50	0.50	0.50
Executive Assistant II	1.00	1.00	1.00	1.00	1.00
Recreation & Comm. Svcs. Mgr.	1.00	1.00	1.00	1.00	1.00
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00

PROPOSED POSITION CONTROL LIST 2015-16 & 2016-17					
	2013-14 Amended	2014-15 Adopted	2014-15 Amended	2015-16 Proposed	2016-17 Proposed
<b><u>Youth Center 5121</u></b>					
Lead Preschool Instructor	0.75	0.75	0.75	0.75	0.75
Recreation Coordinator	1.00	1.00	1.00	1.00	1.00
Recreation Specialist	0.75	0.75	0.75	0.75	0.75
<b><u>Senior Center 5122</u></b>					
Recreation Coordinator	1.00	1.00	1.00	1.00	1.00
Recreation Specialist	0.75	0.75	0.75	0.75	0.75
<b><u>Hilltop Park Center 5124</u></b>					
Lead Preschool Instructor	0.75	0.75	0.75	0.75	0.75
Recreation Coordinator	1.00	1.00	1.00	1.00	1.00
Recreation Specialist	0.75	0.75	0.75	0.75	0.75
<b><u>Cona Park Center 5125</u></b>					
Lead Preschool Instructor	0.75	0.75	0.75	0.75	0.75
Recreation Coordinator	1.00	1.00	1.00	1.00	1.00
Recreation Specialist	0.75	0.75	0.75	0.75	0.75
<b><u>Special Programs &amp; Events 5130</u></b>					
After School Site Directors	0.75	0.75	0.75	0.75	0.75
Recreation Specialist	1.00	1.00	1.00	1.00	1.00
<b><u>Sports 5160</u></b>					
Recreation Specialist	0.75	0.75	0.75	0.75	0.75
Sports Coordinator	1.00	1.00	1.00	1.00	1.00
<b><u>Sports Center - Operations 5180</u></b>					
Administrative Assistant II	3.00	3.00	3.00	3.00	3.00
Aquatics Coordinator	1.00	1.00	1.00	1.00	1.00
Aquatics Specialist I	0.75	0.75	0.75	0.75	0.75
Aquatics Specialist II	1.00	1.00	1.00	1.00	1.00
Control Cashier	3.00	3.00	3.00	3.00	3.00
Facility Attendant	5.75	5.75	5.75	5.75	5.75
Facility Coordinator	2.00	2.00	2.00	2.00	2.00
Fitness Manager	1.00	1.00	1.00	1.00	1.00
Group Exercise Coordinator	1.00	1.00	1.00	1.00	1.00
Guest Services Coordinator	1.00	1.00	1.00	1.00	1.00
Laundry Attendant	2.00	2.00	2.00	2.00	2.00
Lifeguard	0.75	0.75	0.75	0.75	0.75
Maintenance Specialist	1.00	1.00	1.00	1.00	1.00
Physical Therapist	1.50	1.50	1.50	1.50	1.50
Recreation Specialist	0.75	0.75	0.75	0.75	0.75
Senior Facility Attendant	1.00	1.00	1.00	1.00	1.00
Sports Center Manager	1.00	1.00	1.00	1.00	1.00
Sports Coordinator	1.00	1.00	1.00	1.00	1.00
Tot Activity Leader	0.75	0.75	0.75	0.75	0.75
<b><u>Sports Center - Maintenance 5189</u></b>					
Building Maintenance Craftsworker	1.00	1.00	1.00	1.00	1.00
Senior Craftsworker	1.00	1.00	1.00	1.00	1.00
<b><u>Conference Center Admin 6210</u></b>					
Community Services Director	0.09	0.13	0.13	0.13	0.13
Conference Center General Manager	1.00	1.00	1.00	1.00	1.00
Citywide Events Coordinator	0.50	0.50	0.50	0.50	0.50
Event & Sales Office Assistant	0.75	0.75	0.75	0.75	0.75
Executive Assistant I	0.25	0.25	0.25	0.25	0.25
<b><u>Conference Center- Sales 6220</u></b>					
Sales Office Assistant	1.00	1.00	1.00	1.00	1.00
Senior Sales Manager	1.00	1.00	1.00	1.00	1.00
<b><u>Conference Center - Event Operations 6231</u></b>					
Event Supervisor	1.00	1.00	1.00	1.00	1.00
Events Coordinator	1.00	1.00	1.00	1.00	1.00
Facility Attendant	2.00	2.00	2.00	2.00	2.00
Operations Coordinator	1.00	1.00	1.00	1.00	1.00
Operations Supervisor	1.00	1.00	1.00	1.00	1.00

PROPOSED POSITION CONTROL LIST 2015-16 & 2016-17					
	2013-14 Amended	2014-15 Adopted	2014-15 Amended	2015-16 Proposed	2016-17 Proposed
<b><u>Conference Center - Maintenance 6232</u></b>					
Senior Craftworker	1.00	1.00	1.00	1.00	1.00
<b><u>Marina Administration 600-6310</u></b>					
Community Services Director	0.11	0.16	0.16	0.16	0.16
Executive Assistant I	0.33	0.33	0.33	0.33	0.33
Harbormaster	0.60	0.60	0.60	0.60	0.60
Marine Operations Supervisor	0.50	0.50	0.00	0.00	0.00
Marine Operations Specialist	1.00	1.00	1.00	1.00	1.00
Marine Operations Technician	0.00	0.00	0.50	0.50	0.50
Marina Harbor Assistant	0.80	0.80	0.80	0.80	0.80
<b><u>Marina Maintenance 600-6320</u></b>					
Harbor Maintenance Craftworker	1.00	1.00	1.00	1.00	1.00
Waterfront Maint. Supervisor	0.50	0.50	0.00	0.00	0.00
Harbor Maintenance Leadworker	0.00	0.00	0.50	0.50	0.50
<b><u>Marina Security 600-6330</u></b>					
Harbor Security Worker	2.40	2.40	2.40	2.40	2.40
<b><u>Harbor Administration 6410</u></b>					
Community Services Director	0.03	0.04	0.04	0.04	0.04
Executive Assistant I	0.08	0.08	0.08	0.08	0.08
Harbormaster	0.40	0.40	0.40	0.40	0.40
Marina Harbor Assistant	0.20	0.20	0.20	0.20	0.20
Marine Operations Supervisor	0.50	0.50	0.00	0.00	0.00
Marine Operations Technician	0.00	0.00	0.50	0.50	0.50
<b><u>Harbor Maintenance 6420</u></b>					
Harbor Maintenance Craftworker	1.00	1.00	1.00	1.00	1.00
Harbor Maintenance Leadworker	0.00	0.00	0.50	0.50	0.50
Waterfront Maint. Supervisor	0.50	0.50	0.00	0.00	0.00
<b><u>Harbor Security 6430</u></b>					
Harbor Security Worker	0.60	0.60	0.60	0.60	0.60
<b><u>Parking Administration 625-6510</u></b>					
Accounting Assistant	2.75	2.75	2.75	2.75	2.75
Accounting Specialist	1.00	1.00	1.00	1.00	1.00
Community Services Director	0.11	0.17	0.17	0.17	0.17
Executive Assistant I	0.34	0.34	0.34	0.34	0.34
Parking Revenue Supervisor	1.00	1.00	1.00	1.00	1.00
Parking Superintendent	1.00	1.00	1.00	1.00	1.00
<b><u>Parking Enforcement 625-6520</u></b>					
Parking Attendant	1.00	1.00	1.00	1.00	1.00
Parking Enforcement Officer	6.25	6.25	6.25	6.25	6.25
Parking Enforcement Supervisor	1.00	1.00	1.00	1.00	1.00
Parking Facility Worker	0.75	0.00	0.00	0.00	0.00
Senior Parking Enforcement Off.	1.00	1.00	1.00	1.00	1.00
Wharf Attendant	0.75	0.75	0.75	0.75	0.75
<b><u>Parking Maintenance 625-6530</u></b>					
Parking Controls Technician	2.00	2.00	2.00	2.00	2.00
Parking Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00
Parking Maintenance Worker	2.00	2.00	2.00	2.00	2.00
Senior Parking Controls Technician	1.00	1.00	1.00	1.00	1.00
Senior Parking Craftworker	1.00	1.00	1.00	1.00	1.00
Senior Street Sweeper Operator	1.00	1.00	1.00	1.00	1.00
Street Sweeper Operator	1.00	1.00	1.00	1.00	1.00
<b><u>Parking Attendant/Cashier/Security 625-6540</u></b>					
Off-Street Parking Supervisor	1.00	1.00	1.00	1.00	1.00
Parking Attendant	4.00	4.00	4.00	4.00	4.00
Parking Facility Worker	4.50	4.50	4.50	4.50	4.50
Senior Parking Attendant	2.00	2.00	2.00	2.00	2.00
<b><u>Museum 6600</u></b>					
Administrative Assistant I	0.50	0.50	0.50	0.50	0.50

PROPOSED POSITION CONTROL LIST 2015-16 & 2016-17					
	2013-14 Amended	2014-15 Adopted	2014-15 Amended	2015-16 Proposed	2016-17 Proposed
Cultural Arts Assistant	0.50	0.50	0.50	0.50	0.50
Museum & Cultural Arts Mgr	0.50	0.50	0.50	0.50	0.50
<b>COMMUNITY SERVICES DEPARTMENT TOTAL</b>	<b>110.92</b>	<b>110.50</b>	<b>110.50</b>	<b>110.50</b>	<b>110.50</b>
<b>LIBRARY</b>					
<b><u>Administration 5510</u></b>					
Administrative Assistant II	0.75	0.75	0.75	0.75	0.75
Community Services Director	0.33	0.00	0.00	0.00	0.00
Contract Fund Development Coordinator	0.67	0.67	0.67	0.00	0.00
Library Director	1.00	1.00	1.00	1.00	1.00
Museum & Cultural Arts Mgr	0.50	0.50	0.50	0.50	0.50
Special Services Coordinator	1.00	1.00	1.00	1.00	1.00
<b><u>Support Services 5520</u></b>					
Automated Systems Coordinator	1.00	1.00	1.00	1.00	1.00
Library Assistant I	0.75	0.75	0.75	0.75	0.75
Library Assistant II	1.00	1.00	1.00	1.00	1.00
Library Assistant III	1.00	1.00	1.00	1.00	1.00
Technology Services Specialist	1.00	1.00	1.00	1.00	1.00
<b><u>Reference Services 5530</u></b>					
Librarian	3.00	3.00	3.00	3.00	3.00
<b><u>Youth Services 5540</u></b>					
Librarian	2.00	2.00	2.00	2.00	2.00
Youth Services Manager	1.00	1.00	1.00	1.00	1.00
<b><u>Readers' Services 5550</u></b>					
Library Assistant I	2.25	2.25	2.25	2.25	2.25
Library Assistant II	1.00	1.00	1.00	1.00	1.00
Library Assistant III	1.00	1.00	1.00	1.00	1.00
Reference & Reader Svcs Mgr	1.00	1.00	1.00	1.00	1.00
<b>LIBRARY DEPARTMENT TOTAL</b>	<b>20.25</b>	<b>19.92</b>	<b>19.92</b>	<b>19.25</b>	<b>19.25</b>
<b>GRAND TOTAL</b>	<b>481.67</b>	<b>481.92</b>	<b>484.17</b>	<b>480.75</b>	<b>480.75</b>



	2013-14 AMENDED	2014-15 ADOPTED	2014-15 AMENDED	2015-16 PROPOSED	2016-17 PROPOSED
PLANS & PUBLIC WORKS *	153.50	154.00	154.00	154.00	154.00
COMMUNITY SERVICES	110.92	110.50	110.50	110.50	110.50
FIRE	82.00	82.00	83.75	80.75	80.75
POLICE	68.50	68.50	69.00	70.00	70.00
GENERAL GOVERNMENT *	46.50	47.00	47.00	46.25	46.25
LIBRARY	20.25	19.92	19.92	19.25	19.25
<b>TOTAL</b>	<b>481.67</b>	<b>481.92</b>	<b>484.17</b>	<b>480.75</b>	<b>480.75</b>

\* Includes positions related to Internal Service divisions.

## **Financial Policies**

This section summarizes the policies the City follows in managing its finances.

### **Revenue Policies**

- The City will set fees and user charges for each enterprise fund at a level that fully supports the total direct and indirect program costs. Indirect costs will ultimately include the cost of annual depreciation of fixed assets.
- The City Council will establish fees for non-enterprise funds based upon an awareness of the total direct and indirect costs of offering a service. It is recognized that certain services may be subsidized by general taxes based upon a level of subsidy determined by the Council.
- The City will aggressively pursue collection of all revenues when due.

### **Operating Budget Policies**

- The City Council will adopt and maintain a balanced annual operating budget and an integrated five-year capital improvement budget.
- Current annual revenues will be equal to or greater than current expenditures. The City will maintain a long-range fiscal perspective by annually preparing and maintaining a five-year General Fund operating revenue, expenditure and available reserve schedule and a five-year capital improvement plan.
- Any normal existing revenue inflation will be used to pay for normal existing expenditure inflation. The identification of funding sources will be required for any new or expanded programs.
- The City will provide for adequate maintenance and the orderly replacement of fixed assets and equipment.
- As resource allocation plans are developed, consideration for citywide public safety shall be given high priority.
- The City will comply with all the requirements of Generally Accepted Accounting Principles (GAAP).
- The City will annually retain the services of an independent Certified Public Accounting firm to audit the City's financial statements and conduct any tests of the City's records deemed necessary to render an opinion on the City's compliance with Generally Accepted Accounting Principles (GAAP).

### **Capital Improvement Policies**

- All estimated construction, maintenance and operating costs and potential funding sources for each proposed capital improvement and neighborhood improvement will be identified before it is submitted to the City Council for approval.

- The City will finance only those capital improvements that are consistent with the adopted capital improvement plan and City priorities. All capital improvement operating and maintenance costs will be included in operating budget forecasts.

### **Debt Policies**

- Only capital improvements that cannot be financed from current revenues will be financed with debt borrowing except for enterprise funds. The City will determine and use the least costly financing method for all new capital improvement projects.
- The term for repayment of long-term financing for capital improvements will not exceed the expected useful life of the project.

### **Fund Balance Classification**

- At year-end, restricted fund balances for specific purposes are determined (excluding non-spendable amounts). Remaining fund balance, considered spendable, is classified into committed, assigned or unassigned categories depending upon the intended use of the balances. Fund balance amounts for other governmental funds are classified as restricted or committed depending upon the purpose and restrictions imposed on each specific fund. The City applies expenditures to the most restrictive available balances first, then less restricted funds as required.

### **Reserve Policies**

- The City maintains a stabilization arrangement in the form of the "Reserve for Economic Uncertainty." The City Council retains the authority to establish the Reserve for Economic Uncertainty as a Committed Fund Balance. The City goal is to maintain a reserve equivalent to 15% of the General Fund annual operating budget. The stabilization arrangement is established for the purpose of providing funds for an unforeseen, urgent event that affects the operations or safety of the City (e.g. natural disaster). The recognition of an urgent event must be established by the City Council, and a budget revision must be approved. In the event that the balance drops below the established minimum level, the City Council will develop a plan to replenish the Reserve.
- The City will maintain appropriate reserves in the Self-Insurance Funds based on statutory requirements and actuarially projected needs.

### **Property Management Policies**

- Acquisition of real property shall be tied to a specific objective, with the source of adequate funds identified and considerations given for the long-term fiscal and policy impacts.
- Disposition of real property shall be considered for those properties without specific deed restrictions and which are unused, under-utilized, economically not viable, or which were acquired for an outdated plan or purpose.

## Glossary

### Accounts Payable

A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

### Accounts Receivable

An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

### Accrual Basis of Accounting

A method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

### Adopted Budget

The City Council approved annual budget establishing the legal authority for the expenditure of funds as set forth in the adopting Council budget resolution.

### Amortization

The process of decreasing or allocating a lump sum amount over a period of time, particularly for loans and other forms of finance, including related interest and other finance charges.

### Appropriation

Legal authorization, as required by the City Charter, granted to the City Manager by the City Council to expend monies, and/or to incur legal obligations for specific departmental purposes. An appropriation is usually limited in amount, as well as to the time when it may be expended.

### Assessed Valuation

A dollar value placed upon real estate or other property by Monterey County as a basis for levying property taxes.

### Assets

Property owned by a government, which has monetary value.

### Audit

Prepared by an independent certified public accountant (CPA), the primary objective of an audit is to determine if the City's financial statements fairly present the City's financial position and results of operations in conformity with generally accepted accounting principles.

### Authorized Positions

Regular positions authorized in the budget to be employed during the fiscal year.

### Basis of Accounting

The timing of recognition, that is, when the effects of transactions or events are recognized for financial reporting or budgeting purposes. The three basis of accounting for governmental agencies are: (1) cash basis (when cash is received or paid), (2) accrual basis (when the underlying transaction or event takes place), and (3) modified accrual basis (revenues are recognized in the accounting period in which they become available and measurable and expenditures are recognized in the accounting period in which the fund liability occurred).

### Balance Sheet

A statement purporting to present the financial position of an entity by disclosing the value of its assets, liabilities, and equities as of a specific date.

### Balanced Budget

When the total of revenues and other financing sources is equal to or greater than the total of expenditures and other financing uses, the budget is balanced.

### Beginning Fund Balance

Fund balance available in a fund from the end of the prior year for use in the following year.

### Bond

A city may raise capital by issuing a written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, together with periodic interest at a special rate.

### Bond Rating

An evaluation of a bond issuer's credit quality and perceived ability to pay the principal and interest on time and in full. Two agencies regularly review city bonds and generate bond ratings: Moody's Investors Service and Standard and Poor's Ratings Group.

### Budget

A plan of financial and program operation listing an estimate of proposed appropriations or expenses and the proposed means of financing them, for a particular time period. The budget is proposed or preliminary

until it has been adopted by the City Council.

#### Budget Calendar

The schedule of key dates or milestones which a government follows in preparation and adoption of a budget.

#### Budget Adoption

Formal action by the City Council, which sets the spending path for the year.

#### Budgetary Control

The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and revenues.

#### CalPERS

State of California Public Employees' Retirement System.

#### Capital Asset

A tangible, fixed asset that is long-term in nature, of significant value, and obtained or controlled as a result of past transactions, events or circumstances. Fixed assets include land, buildings, equipment, improvements to buildings, and infrastructure (i.e., streets, highways, bridges, and other immovable assets). A capital asset is defined as an asset with a useful life extending beyond a single accounting period.

#### Capital Budget

A financial plan of proposed capital improvement projects and the means of financing them for a given period of time.

#### Capital Outlay

A budget category which budgets all equipment having a unit cost of more than \$5,000 and an estimated useful life of more than three years. Capital Outlay items are budgeted in the operating budget.

#### Cash Basis of Accounting

A basis of accounting under which transactions are recognized only when cash is received or disbursed.

#### Certificates of Participation (COPs)

This financing technique provides long-term financing through a lease, installment sale agreement or loan agreement. Certificates of Participation (COPs) allow the public to purchase (in \$5,000 increments) participation in a stream of lease payments, installment payments or loan payments relating to the acquisition or construction of specific equipment, land or facilities.

#### City Charter

Legal authority approved in 1925 by the voters of Monterey under the State of California Constitution establishing the current "Council - Manager" form of government organization.

#### City Manager's Message

A general discussion of the proposed budget as presented in writing by the City Manager to the City Council. The message contains an explanation of the principal budget items and summarizes the proposed budget relative to the current year adopted budget.

#### Community Priorities

Strategic work objectives that require collaborative action by several City departments and partnerships with other elements of the community.

#### Comprehensive Annual Financial Report (CAFR)

The official annual report of the City's financial condition at the conclusion of the fiscal year. The report is prepared to conform to Generally Accepted Accounting Principles (GAAP) for governmental units and presentation of the financial data in conformity with the Adopted Budget.

#### Conference Center Facilities District (CCFD)

Formed by resolution on November 19, 2013 to provide a vehicle for financing the renovation of the Monterey Conference Center under California's Mello-Roos Community Facilities Act of 1982. The CCFD provides a framework to levy a special tax on property developed for visitor accommodation facilities (i.e. hotel properties). The special tax ranges from 0.8% to 4.15% of all rent, depending on the classification of the hotel property.

#### Consumer Price Index (CPI)

A statistical description of price levels provided by the U.S Department of Labor. The change in this index from year to year is used to measure the cost of living and economic inflation.

#### Contingency

A budgetary reserve set aside for emergency or unanticipated expenditures, revenue shortfalls, and/or unknown expenditures.

#### Department

An operational and budgetary unit designated by the City Council to define and organize City



operations, or a group of related operations within a functional area.

#### Debt

An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

#### Debt Financing

Issuance of bonds and other debt instruments to finance municipal improvements and services.

#### Debt Service

Debt service refers to the interest and principal payments on bond issues and Certificate of Participation, and includes the issuance costs related to bond funding.

#### Deficit

The excess of an entity's liabilities over its assets, or the excess of expenditures or expenses over revenue during a single accounting period.

#### Depreciation

(1) Expiration in the service life of capital outlay assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. (2) The portion of the cost of a capital asset that is charged as an expense during a particular period.

#### Division

An organizational unit consisting of program(s) or activity(ies) within a department which furthers the objectives of the City Council by providing services or a product.

#### Encumbrances

Financial commitments related to unperformed contracts for goods or services for which part of an appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

#### Enterprise Fund

A type of fund established to account for the total costs of those governmental facilities and services which are operated in a manner similar to private enterprises. These funds are entirely or predominately self-supporting.

#### Expenditure

The payment made for cost of services rendered, materials, equipment, and capital improvements.

#### Expense

Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest, or other charges.

#### Expense Category

Expense object categories: Salaries and Benefits, Supplies and Expenses, Internal Services, Capital Outlay

#### Fee

The payment for direct receipt of a public service by the party who benefits from the service.

#### Fiduciary Fund

A fund type to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension, trust funds, investment trust funds, private-purpose trust funds, and agency funds.

#### Fiscal Year

A twelve-month accounting period of time to which the budget applies; for Monterey, it is July 1 through June 30.

#### Fringe Benefits

Benefits including employee retirement, Medicare, health, dental, vision, life insurance, uniforms, and deferred compensation plans.

#### FTE

Full Time Equivalent Employee (FTE) 2,080 hours per year = 1.0 Full-Time Equivalent position.

#### Fund

An independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created. There are three major types of fund: Governmental (general, special revenue, debt service, capital projects, and permanent), Proprietary (enterprise and internal service), and Fiduciary (trust and agency).

#### Fund Balance

The amount of financial resources immediately available for use. Generally, this represents the excess of unrestricted current assets over current liabilities.

#### Gann Appropriation Limit

Article XIII B of the State constitution was amended by Proposition 4 (Gann initiative) in 1979. Article XIII B limits growth in the spending of tax proceeds to tax proceeds appropriated in the "base year" of 1978-79

times the product of the allowable annual percentage change in a cost-of-living factor and the allowable annual percentage change in a population change factor. The cost-of-living factor is the larger of the annual percentage change in the State per capita personal income or the annual percentage change in the local non-residential assessed valuation due to new construction. The population change factor is the larger of the annual percentage change of the jurisdiction's population or the annual percentage population change of the county in which the jurisdiction is located.

#### General Fund

The primary fund of the City used to account for all revenues and expenditures of the City not legally restricted as to use. Examples of departments financed by the General Fund include City Council, Police and Fire Departments.

#### General Obligation Bond

A type of bond that is backed by the full faith, credit, and taxing power of the City.

#### Generally Accepted Accounting Principles (GAAP)

Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the GASB.

#### Goal

Goals are general statements of desired results and serve as points of reference to guide actions, decisions, and resource allocation.

#### Governmental Accounting

The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governments.

#### Governmental Accounting Standards Board (GASB)

The authoritative accounting and financial reporting standard-setting body for government entities

#### Governmental Fund

A fund type to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

#### Grant

Contributions or gifts of cash or other assets from another governmental entity to be used or expended for a specific purpose, activity or facility. An example is the Community Development Block Grant given by the Federal government.

#### Indirect Cost Allocation Plan

The City uses an indirect cost allocation plan to ensure that enterprises and certain special revenue supported operations pay for themselves and are not subsidized by City taxpayers. General fund supported central services costs such as payroll, accounting, data processing, personnel, city management and facilities maintenance are allocated to those funds benefiting from these services based on statistical data reflecting use of these support services.

#### Infrastructure

Facilities on which the continuance and growth of a community depend on such as roads, water lines, sewers, public buildings, parks and airports.

#### Interfund Transactions

These budgetary transactions consist of quasi-external transactions which would be treated as revenues and expenditures if they involved organizations external to the governmental unit, reimbursements of expenditures initially made in one fund which are attributable to another fund, and operating transfers where monies are appropriated from one fund to another fund to reimburse expenses which are of benefit to the first fund.

#### Internal Service Fund

Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, on a cost-reimbursement basis.

#### Liability

Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date. Note: This term does not include encumbrances.

#### Line Item Detail

A budget that lists detailed expenditure categories (permanent salaries, utilities, travel, training, etc.) separately, along with the amount budgeted for each specified category.

#### Long-Term Debt

Debt with a maturity of more than one year after the date of issue.

#### Measure P

Measure P increases the sales tax rate by one percent in the City of Monterey for four years “to address significant deferred maintenance by fixing streets, sidewalks, and potholes; improve related access and safety for senior citizens, disabled residents, and others; and repair its 100-year-old storm drain system to protect our beaches/Monterey Bay.” The ballot measure was approved by 74% of voters in November 2014. The tax is effective from April 1, 2015 through March 31, 2019.

#### Mission

A description of the basic purpose and responsibility of the division or department.

#### Modified Accrual Basis of Accounting

Basis of accounting. Revenues are recognized in the accounting period in which they become available and measurable; expenditures are recognized in the accounting period in which the fund liability is incurred (if measurable), except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

#### Municipal Code

A compilation of City Council approved ordinances currently in effect. The Code defines City policy in various categories, for example, Civil Service rules, traffic regulations, sanitation and health standards, building regulations, and planning and zoning regulations.

#### Objective

Statement describing a significant result or service level change to be accomplished during the next fiscal year. It describes a specific, verifiable, and measurable actions, steps, or process undertaken in the service of a goal.

#### Operating Budget

A financial, programmatic and organizational plan for furthering the goals of the City Council through the departments of the City, which does not include one-time capital improvements projects.

#### Ordinance

A formal legislative enactment by the City Council. It has the full force and effect of law within the City boundaries unless it is in conflict with any higher form of law such as a State statute or constitutional provision. An ordinance has higher legal standing than a resolution.

#### Patient Protection and Affordable Care Act

Patient Protection and Affordable Care Act is a United States federal statute signed into law by President Barack Obama on March 23, 2010 that is aimed at increasing the rate of health insurance coverage for Americans and reducing the overall costs of health care.

#### Pay-As-You-Go Basis

A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing.

#### Performance Measure

Quantifiable indicators that measure program workload or progress in achieving program objectives.

#### Program

An activity or division within a department which furthers the objectives of the City Council by providing services or a product.

#### Proprietary Fund

Funds that focus on the determination of operating income, changes in net assets (cost recovery), financial position, and cash flows. There are two types of proprietary funds: Enterprise and Internal Service Funds.

#### Purchase Order

A document issued to authorize a vendor to deliver specified merchandise or render a specified service for a stated estimated price. Outstanding purchase orders are called encumbrances.

#### Re-appropriation

The amount of money that is budgeted for a project in a prior year but is not spent or encumbered and needs to be appropriated again in the current year in order to continue the program originally intended.

#### Reimbursements

Payments of amounts remitted on behalf of another party, department or fund. They are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed (see Interfund Transactions).

#### Reserve

An account used to set aside a portion of the fund balance as legally segregated for a specific use.

#### Resolution

A special order of the City Council which requires less legal formality than an ordinance in terms of public

notice and the number of public readings prior to approval. A resolution has lower legal standing than an ordinance. The adopted City budget is approved by resolution and requires a majority vote of the Council members present at budget adoption time. During the fiscal year other budget modifications made by the City Council require a majority plus one vote.

#### Return on Investment

Requests for additional resources previously classified as enhancements are now categorized as Return on Investments. Requests will only be considered when the investment increases revenue, decreases operating expenses, or creates operating efficiency.

#### Revenue

Sources of income used to finance City governmental services.

#### Salaries and Wages

A budget category which generally accounts for full-time, part-time, and temporary employees' salaries, overtime costs and fringe benefits for a particular division or program.

#### Self Insurance

A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or the activity of the agency.

#### Service Benchmark

A short list of indicators (outputs, outcomes, trends over time) for the departmental or interdepartmental efforts important to Council and the community to communicate the City's strategic and day-to-day work.

#### Special Revenue Funds

Revenues that can be spent only for specific purposes stipulated by the Constitution, external resource providers, or through enabling legislation

#### Supplies and Expenses

A budget category which accounts for all non-personnel expenses. Examples include office supplies, utility costs, legal advertising, equipment maintenance, small tool purchases, building/structure maintenance and contractual services.

#### Taxes

Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit. This term does not include charges for services rendered only to those paying such charges, for example refuse collection.

#### Tourism Improvement District

An assessment established by the Monterey County Tourism Improvement District (MCTID) in 2007, used to administer marketing programs to promote the County of Monterey as a tourism destination and to fund projects, programs, and activities that benefit lodging businesses within the district. The assessment levied on lodging businesses within the city of Monterey is \$2.00 per occupied room night for full service facilities and \$1.00 per occupied night for limited service. The City is entitled to retain one percent (1%) of the assessments collected to defer the administrative costs incurred. All of the assessments imposed are reviewed annually by City Council, based on the annual reports prepared by the Monterey County Convention and Visitors Bureau.

#### Transient Occupancy Tax (TOT)

A tax on hotel/motel stays thirty days or less. The rate in the City of Monterey is currently 10%.

#### Trust and Agency Funds

Types of fiduciary funds which account for assets held by the City in a trustee capacity. The budget does not appropriate fiduciary funds.

#### Vehicle License Fee

Vehicle License Fee (VLF) is an annual fee on the ownership of a registered vehicle in California. It has been assessed on all privately owned registered vehicles in California in place of taxing vehicles as personal property since 1935. The VLF is paid to the Department of Motor Vehicles (DMV) at the time of annual vehicle registration. A portion of VLF had traditionally been apportioned to cities on a per capita basis. However, effective July 1, 2011, virtually all VLF revenues previously apportioned to cities were shifted to fund law enforcement grants as a part of efforts to solve the State's chronic budget problems.

## **Questions and Answers from the May 27<sup>th</sup>, 2015 City Council Study Session**

### **1. TOT – Charter Increase 8% to 10%**

The 1988 charter amendment increased TOT from 8% to 10% as surcharge to the hotel's daily room rate. This 2% increase has generated approximately \$70.5 million in additional revenues. \$56.4 million of hotel tax revenues have gone to the Neighborhood Improvement Program.

The FY2014/15 TOT revised estimate reflects a total of \$20.2 million in revenues. Of the \$20.2 million, \$4.06 million is a result of the increase from 8% to 10%. Net of the 16% contribution to NIP (\$3.2 million), the City's General Fund will receive an additional \$809,000.

In FY14/15, the City contributed \$1.575 million from the General Fund to the Capital Improvement Program.

### **2. What are the City's Credit Card Fees?**

#### **Credit Card Payments for City Revenues**

Most City departments accept credit cards as payment for services, fees and program costs. Credit card processors charge fees for the cost of processing debit and credit card transactions, and the types of fees that they charge vary widely, depending on the processor. Fees are made up of the following:

Merchant processing fees (Wells Fargo): .081% of sales. The City negotiated this new rate with the recent contract award to Wells Fargo. The previous rate was .11% to .13%.

Interchange fee: % rate and per-item fee charged by the issuer (Visa/Mastercard, etc.). This can be the largest component of the total fees, up to 95%. Depending on how the transaction is processed, issuers will charge an interchange rate; this rate can be impacted by such things such as what kind of card the customer presented, whether the card was swiped or keyed in manually or whether it was processed as a credit or debit charge.

These costs are offset in part by lower costs of handling and processing cash. In some cases, revenues are increased when payment may be made by credit card, such as with Parking meters, where the convenience of paying by credit card vs. change may cause users to pay for more time. The City's largest acceptors of credit cards are Parking, Recreation and Finance. We are now in the second month of our contract with Wells Fargo; one of the deliverables is a review of our merchant fees to make sure we are getting the lowest rate wherever possible.

<b>Total Credit Card Fees</b>	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>Jul 14 – May 15</b>
Parking	\$167,626	\$212,799	\$197,042
Sports Center	47,873	48,934	46,614
Revenue	17,776	29,059	34,217
Recreation	14,137	14,686	14,103
Harbor	9,382	14,436	17,270
Conference Center	11,623	10,917	14,673
All Other Accounts	11,176	12,784	14,008
<b>Total Credit Card Fees</b>	<b>\$279,513</b>	<b>\$343,615</b>	<b>\$337,927</b>

#### **Credit Card Payments for City Expenses**

The City utilizes the State CAL-Card program to make purchases using credit cards. The CAL-Card program is the City's preferred payment method for all purchases that can be paid for with a VISA card. The City receives incentives (rebates) for paying promptly and for volume usage. This amounts to approximately \$20,000/year in rebate revenue.

### **3. Revenue Forecast – why are revenues going up?**

The following revenues are forecasted to increase between FY15/16 and FY16/17

<b>Revenue</b>	<b>FY 15-16</b>	<b>FY16-17</b>	<b>Increase</b>	<b>Assumption</b>
Property Tax	\$9,983,757	\$10,132,723	\$148,996	Assessed value increase 2%; Property tax in-lieu flat
Conference Center	\$304,750	\$609,500	\$304,750	Conference Center expected to reopen fall 2016. Expect increased usage for second half of fiscal year.
Interest Income	\$345,976	\$716,715	\$370,739	Forecasting interest income increase due to higher rates and balances.

### **4. Portola Plaza – what type of project do we really need?**

Staff recommends a Portola Plaza design which successfully supplements and enhances the materials and style elements selected for the Monterey Conference Center. The City's Architectural Review Committee took great care in finding an appropriate mix of materials and colors reflecting Monterey's style in a contemporary way. The ARC discussed a design which contributes to the area and compliments the revitalized Monterey Conference Center. Presently, Portola Plaza is in dire need to replace the brick pavers including the base material, which causes the bricks to break. Since a significant percentage of the costs are associated with demo and stabilization of the underlying base material, this would be the time to consider upgrading to a more decorative finish material. This can be considered 'opportunity' costs. Additionally, the Downtown Specific plan calls for a redesign of this iconic plaza giving residents and visitors alike a place of sense and pride. Staff recommends that Council considers a \$2.5 million project based on estimates received. Funding has been identified through using one-time budget surplus dollars, which are mainly based on increased TOT revenues, and capital improvement project funds. Staff has looked at other funding sources, which included the Parking Fund, the Tidelands Fund and Sewer Fund. The Sewer Fund will be used to pay for sewer upgrades. The Tidelands Fund cannot be used due to legislative restrictions. The current design proposal for the Plaza is based on Council's desire to have more pedestrian friendly connection from Downtown to the waterfront, therefore, the design does not incorporate parking spaces, eliminating the ability to use Parking Funds.

### **5. How are we addressing clean-up at 951 Del Monte?**

With approval of requested project budget allocation(s) for FY15/16 & FY16/17, City to perform first two years of clean-up effort. These two are the most intensive/critical years of remediation effort. This work entails installation of performance monitoring wells, soil & groundwater sampling, injections (of "bug food") into the ground to stimulate natural microbial breakdown of pollutant (PCE) in soil and groundwater, and continued monitoring.

### **6. What is the “right” amount for future contributions to annual CIP program?**

Financing long-term infrastructure needs to be a long-term strategic process. Currently staff suggests that the City should be spending an average of \$9 million dollars per year on

infrastructure maintenance, compared to the \$3.3 million allocated in CIP funding for FY2014/15. The Neighborhood Improvement Program has been a faithful partner in funding numerous projects which benefit our City as whole and not specific neighborhoods. Staff is very grateful to the NIP and their principals.

Yet, staff will continue to work to propose appropriate measures to Council to help identify a solid long-term funding strategy. The recently voter approved Measure P Sales Tax increase will allow the City to fund significant improvements in our streets, ADA compliance, storm drains and sidewalk. Our sewer rehabilitation program is well underway and funded by our sewer rates. Both programs Measure P as well as the sewer rehabilitation program, are presenting significant improvements to our aging infrastructure. A continuation of the Measure P sales tax measure should be pro-actively addressed and evaluated against the accomplished improvements.

Staff will keep Council informed about the need to fund our other assets such as facilities, library, fire stations, police station and other assets.

**7. What can the Tidelands trust monies be used for? Can it be used as leverage for other non-tidelands area projects?**

Tidelands can only be used for purposes in which there is a general statewide interest. These purposes include establishing, maintaining, improving and operating a public harbor, docks, piers, slips, beaches, marinas, etc. *(excerpt taken from the City of Newport Beach)*

These purposes are generally as follows:

- Establishing, improving, and operating a public harbor.
- Establishing, maintaining, and operating wharves, docks, piers, slips, quays, ways, and streets, or utilities, to promote commerce, fishing, or navigation.
- Establishing, improving, and operating beaches, marinas, aquatic playgrounds, and similar recreational facilities open to the public.
- Preserving, maintaining, and enhancing Tidelands in their natural state for use in scientific study, open space, and wildlife habitat.

Final approval for use of tideland fund monies may be obtained through the California State Lands Commission. Staff will develop a expenditure policy and bring it back for Council approval. The spending policy will address operational on-going expenses in the tideland areas as well as necessary capital improvement needs.

**8. The City should consider outsourcing Real Estate management.**

Outsourcing is an alternative that has been seriously considered. In 2014 Plans and Public Works (PPW) published a RFP for professional real estate property management services. Though several proposals were received and evaluated, staff in conjunction with various local real estate professionals concluded that it was not the appropriate time to outsource this work. The recommendation of these local professionals is that the City should not outsource property management. The local professionals advised staff that most of the tools necessary to efficiently manage the City's portfolio of commercial properties - finance, risk, legal, professional property management staff - are already in place and should not be duplicated by paying an outside property management company.

The property management strategy that is currently being implemented uses, through contracts, outside commercial real estate professionals to assist staff in working through the large backlog of leasing matters. Staff has retained local commercial real estate professionals, William Sterling to assist with a new lease for Lou Lou's Griddle in the Middle on Wharf II and Jeffrey Ball to assist with rent adjustment for Monterey Bay Boatworks at 32 Cannery Row. Peter Baird has been used to provide opinions and recommendations on new leases for the child development center at the Presidio of Monterey, market rent analysis for Mohr Motors and Hyatt parking lot lease. A new professional services contract is in process for a local professional to negotiate the first Wharf I lease.

New lease templates are being developed by a very experienced outside legal firm, BBK. Staff is also in process to purchase property management software program to improve the efficiency of property management services.

**9. Unfreezing Real Estate Analyst – why only two years?**

It is anticipated that once the large backlog of leases is successfully negotiated the existing professional staff will be sufficient to manage the City's commercial portfolio.

**10. Deferred maintenance – what is the cost?**

As stated above, Staff estimates an annual CIP need of \$9 million. The cost of deferred maintenance is extremely difficult to accurately pinpoint. In a building, simple plumbing issues can quickly escalate into major repairs. For streets, deferring a treatment one year may not have any impact for one area but in another it could double or triple the cost of the repair. Several studies have been done on the cost of differing maintenance activities for various trades and industries. The Cost/benefit ratios range from 1:4 to 1:15 (i.e. for every one dollars spent in maintenance you save from 4 to 15 dollars in capital replacement).

**11. Describe funding of \$12,607 for the museum cell phone tour. Can the MCCVB fund this?**

50,000 brochures and inserts are picked up by visitors and residents annually from 206 distribution sites including hotels, attractions, museums, and visitor centers. There has been a 100% increase in cell phone tour usage for past 6 months – 843 calls made (776 English, 16 German, 15 each Spanish & Chinese, 12 Japanese, 9 French) compared to past usage for 12 months – 772 calls made (722 English, 16 Chinese, 14 Spanish, 8 German, 6 each French & Japanese). MCCVB has indicated they are open to discussions concerning the funding.

**12. Trolley Service Expansion - \$117,216**

Staff recommends piloting FY 15/16 September – May Saturday & Sunday service along existing MST route. The cost to run two (2) trolleys per day, 10 am - 6 pm is \$1,584. From September to May there are 37 weekends= 74 days = \$117,216 for FY 15/16. This does not include Monday Holidays or week days during Christmas Holiday season. If ridership indicates use, staff will return with recommendations for FY 16/17, including increasing revenue to cover added weekend cost, review of route expansion and added costs. Note- trolley service can only be provided along existing MST routes.

**13. Security program – how much will it cost, how does the Community Service Officer positions (2) fit it?**

The City through the Monterey Police Department (MPD) is utilizing a multi-disciplinary approach, bringing together several existing programs, adding others and ensuring strong relationships with a variety of organizations. The City and MPD understand the balance of



attempting to address the needs of the homeless while addressing concerns surrounding public nuisance complaints and a general feeling of safety. Community Service Officers (CSO), in addition to a myriad of duties that may not require a sworn officer response, provide an added presence and enhance security in the downtown and other areas as required. The CSOs are projected to be implemented by September 2015.

Private Security has provided a uniformed security function in various parts of the City to create an atmosphere of safety. During the current fiscal year, the City has contributed towards security in the Downtown area. This has been especially helpful while the MPD hires officers to staff unfilled positions and create the CSO program. A decision point for the Council in the upcoming budget will be to consider funding this program again in the Downtown area as well as the waterfront, which would cost approximately \$166,000 per year. We believe a portion of this amount can be paid for by Tidelands funds.

A total of 12 people attended the workshop, which included 4 staff members and 1 Councilmember. Jimmy Forbis presented the FY15/16 and FY16/17 biennial budget.

Questions from the audience:

Q. Why do a two year budget?

A. A two year budget provides a longer term to be more strategic. Especially helpful during the next two year cycle when we expect to have a significant impact on our revenues during the Conference Center renovation.

Q. Will the budget be reviewed after the first year?

A. Yes – it will be reviewed regularly and quarterly reporting to Council will continue.

Q. Will there not be another process like this for the second year?

A. There will be an opportunity for additional budget requests in the second year – for example, non-profit requests that come annually may be requested in the second year.

Q. Is this the same for all funds, or just the General Fund?

A. Same for all funds.

Q. Does the ending balance figure include reserves?

A. No, it is the remaining balance after reserves have been aside.

Q. Is TOT (transient occupancy tax) the biggest variance between this year and next year?

A. Yes.

Q. Do the figures in the slides for sales tax include MeasureP?

A. No, Measure P funds are set aside in a fund separate from the General Fund.

Q. Why do expenditures in the Agency Funds increase so much in FY17?

A. Bond repayments for the CCFD bonds begin in FY17.

Q. What departments are included in “Community Services”?

A. In the General Fund it is Recreation, Including the Sports Center, Conference Center, Harbor and Museum. Parking and Marina are also included outside the General Fund.

Q. Is it typical that all MOU agreements come up at the same time?

A. It depends on the bargaining group – some may request longer periods.

Q. What is the Frank Sollecito Ball Park CIP Project?

A. It is the second phase of the ball park improvements, replacing turf with artificial turf. It is a project being done in conjunction with MPUSD and NIP.

Q. Is there anything in the budget to implement the Alvarado Mall improvements as part of the Downtown Specific Plan?

A. Not at this time. The plan is to integrate the Portola Plaza with the Alvarado Mall, so the Portola Plaza project would be the first phase of it.

Q. What is the Custom House Plaza Fountain removal project? Will it be done before the Conference Center renovation so it can be used during renovation?

A. The project is to remove the large fountain in the center of Custom House Plaza. The project and timing is dependent on the State, since it is State property.

Q. Explain the money for noise abatement at the Fairgrounds.

A. Tax revenue from betting activities generate about \$15,000/year for the City to provide funding for the City to address public safety issues that may surround betting activities. The fairgrounds has requested these funds to be provided to for noise abatement.

Q. Are non-profit requests increased from the current year?

A. Yes for some – the Film Commission request is new for Fy16 and First Night decreased the request for in-kind services, but increased the cash grant request.

Q. Are there line items in the budget for Business Association contributions?

A. The City contributes \$10,500 annually for each of the following Business Districts: Cannery Row, New Monterey and North Fremont. The Old Monterey Business Association receives \$50,000 annually. The City provides up to \$18,545 in matching funds for advertising to the Fisherman's Wharf Association. In addition, the City acts as a conduit for Business Association fees that are collected by the City and remitted to the associated Business Districts.

Q. What is the latest with CalPERS? How is the City managing the "side-fund".

A. PERS rates continue to increase due to changes in PERS actuarial methodologies – for example, increases in life expectancy change mortality projections. The city put the refinancing of the side-fund on hold during the Conference Center bond issuance, so as not to go into the credit market with too much at once. Now that the bonds have been issued, we can look at refinancing to a lower rate. That will be dependent on the market for pension obligation bonds. There has not been a lot of activity in that market for several years.

Q. Is the City considering any sustainable solar or other environmental projects?

A. The City has implemented several improvements, including solar on 735 Pacific. It continues to look for opportunities to be more environmentally friendly, such as making the new Conference Center LEED certified.

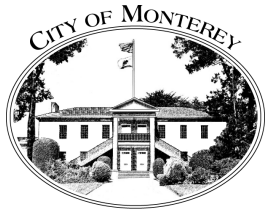
Q. What is the basis of the budget forecasts?

A. The forecasts include known items, such as contract increases, and uses CPI for other inflators.

NON-PROFIT/COMMUNITY ORGANIZATIONS  
REQUEST FOR FUNDING  
FY2015/16

<b>Requestor</b>	<b>Description</b>	<b>Amount</b>
United Way 2-1-1	Support for 2-1-1 program	\$5,000
Monterey County Film Commission	Funding for FY15/16	\$500
First Night Monterey	In-kind services	\$10,000
First Night Monterey	Marketing/advertising grant	\$30,000
Historic Monterey	Historic Monterey programs; San Salvador ship to Monterey	\$6,000
Fisherman's Wharf Association	Increase in City match for advertising and promotion to \$25,000 total	\$6,455
Old Monterey Business Association	In-kind services – 4 <sup>th</sup> of July	TBD





## Council Agenda Report

Date: June 16, 2015

Item No: 17.

**FROM:** Dino Pick, Deputy City Manager, Plans and Public Works  
Prepared By: Steve Wittry, P.E., Principal Engineer

**SUBJECT:** Adopt Recommended Capital Improvement Program (CIP) Projects for Fiscal Years 2015/2016 and 2016/2017 \*\*\*CIP\*\*\*

### RECOMMENDATION:

That the City Council adopt the attached resolution approving the recommended Capital Improvement Program (CIP) for funding in Fiscal Years (FYs) 2015/16 and 2016/17.

### POLICY IMPLICATIONS:

The recommended action is consistent with established policy and procedures for adopting the annual City budget. On May 27, 2014, the Planning Commission confirmed all proposed projects conform to the General Plan, Neighborhood Plans, Area Plans, and Coastal Plans.

### FISCAL IMPLICATIONS:

The proposed CIP is funded by seven (7) funding sources, as shown in the following table. For FY 16/17, it is proposed to fund \$131,000 to establish a CIP contingency amount. This will allocate funding to complete projects that require additional funding for completion and allow flexibility to react to unforeseen needs during the two-year budget cycle. Transfers from the contingency fund to specific projects will occur through separate Council actions as appropriate.

Funding Source	No. of Proposed Projects	Proposed Budget
General Fund	13	\$ 3,150,000
Marina Fund	3	\$ 580,000
Gas Tax (Highway User Tax)	2	\$ 1,350,000
Sewer Fund	4	\$ 800,000
Storm Water Fund (transfer from GF)	1	\$ 75,000
Tideland Fund	4	\$ 510,000
Parking Fund	5	\$ 1,300,000
<b>Total</b>		<b>\$ 7,765,000</b>

### ENVIRONMENTAL DETERMINATION:

The City of Monterey Planning Office determined that the following actions are exempt from the California Environmental Quality Act (CEQA) (Article 19, Section 15301, 15302, 15303, 15306, 15316, and 15325) because the proposed actions involve the operation, repair, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures, mechanical equipment or topographical features involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. Alternatively, the projects may include basic data collection, research, experimental management and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource.

These efforts may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted or funded. These exempt projects include:

CIP:

Police Station Electrical Panel  
Transfer to Storm Water project  
Pavement Management Program Reinspection - 2017 Partial Funding  
Annual Sewer Root Foaming  
Sewer Rate Justification for Prop 218 Process  
Wharf 2 Mid-Wharf Restroom  
Parking Access Revenue Control System (PARCS) -Downtown Garages  
Wireless Credit Card Parking Meter Replacement

Exempt Projects:

Furthermore, the exempt projects do not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located - a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The project sites are not located in sensitive areas and repair existing facilities or involve negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. The projects include distinct repairs and minor alterations to existing facilities. No cumulative impact is anticipated due to their limited scope and distinct locations.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. The projects include distinct repairs and minor alterations to existing facilities. No unusual circumstances are anticipated due to their limited scope and distinct locations.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report (EIR). These projects are not located on Highway 1 or 68 and no impact will occur.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the



Government Code. None of these project sites are located on sites listed pursuant to Section 65962.5.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. None of the projects will affect historic resources. The projects that will require excavation are not located in high archaeological sensitivity areas.

For the remaining projects listed below, project specific environmental review will be conducted as the project is proposed. As currently conceived, the projects are consistent with the City's plans and project specific impacts could be reduced to a less than significant level through project design and specifications.

CIP:

Portola Plaza

Sidewalk Repair

Tunnel Electrical Panel

Del Monte Rule 20A

ADA Facility Upgrades

Wharf 1 Trash Compactor

951 Del Monte

Frank Sollecito Ball Park (matching funds)

CIP Contingency

Wharf 2 Mid-Wharf Restroom

Replace Marina "K" Tier

Wharf 2 Fire suppression

Pavement Reconstruction/Resurfacing Program

Wharf 1 Sewer line

Sewer Repair Project

Fire Station Gas Station Canopy

Wharf 1 Substructure Repair

Causeway Repair-Phase 2

Wharf 2 Truck Turnaround

Parking Lot Maintenance

Waterfront Parking Lot Technology/Multi-Use Upgrade

Cannery Row Parking Garage - Elevators Weather protection and install a grease/storm water separator system

**ALTERNATIVES CONSIDERED:**

The purpose of this report is to present the final list of proposed projects to the City Council, and for Council to adopt the budget for the FY 2015/16 and FY 2016/17 Capital Improvement Program. Council may make additional revisions to the proposed projects and/or deny funding for any project.

**DISCUSSION:**

There are 32 projects proposed, which represent a wide array of infrastructure needs. The funds proposed to be used to complete these projects are the General Fund, Marina Fund, Sewer Fund, Gas Tax Revenue (Highway User Tax-HUTA), Storm Water Fund, Tideland Fund and Parking Fund. Except for the General Fund, these funding sources have restrictions for the types of infrastructure rehabilitation that can be completed. As an example, the City is restricted

from using Gas Tax (Highway User Tax-HUTA) revenue for expenditures on City buildings. The General Fund is proposed for one storm drainage project since there is no funding available from the Storm Water Fund for capital improvements. The attached list contains a brief description and cost estimate for each item.

The proposed CIP totals \$7,765,000 and does not provide adequate funding to address all of the City's critical capital renewal needs. Staff estimates that an annual investment of approximately \$9,000,000 is necessary to fund these projects. If annual funding levels are not met, our capital renewal needs will continue to increase due to Federal and State mandates, including ADA and storm water regulations, increasing construction costs, aging infrastructure, and a significant backlog of deferred maintenance. Until financing strategies are put in place to address the significant funding shortfalls that the City has with respect to capital replacement and renewal needs, the City will continue to be unable to fully meet its infrastructure needs.

At its June 2, 2015 Meeting, Council had the opportunity to ask questions about the proposed projects. Their inquiries, with initial responses plus follow-up information, are discussed below:

- **Portola Plaza-** Council discussed the level of finish treatment for the plaza. Staff recommends a Portola Plaza design which successfully supplements and enhances the materials and style elements selected for the Monterey Conference Center. The City's Architectural Review Committee took great care in finding an appropriate mix of materials and colors reflecting Monterey's style in a contemporary way. Presently, Portola Plaza is in dire need to replace the brick pavers including the base material, which causes the bricks to break. Since a significant percentage of the costs are associated with demo and stabilization of the underlying base material, this would be the time to consider upgrading to a more decorative finish material. This can be considered 'opportunity' costs. Additionally, the Downtown Specific plan calls for a redesign of this iconic plaza giving residents and visitors alike a place of sense and pride. Staff recommends that Council considers a \$2.5 million project based on estimates received. Funding has been identified through using one-time budget surplus dollars, which are mainly based on increased TOT revenues, and capital improvement project funds. Additionally funding up to \$1 million can come from the CCFD as cost reimbursement for the restoration of the space used as staging area during construction.

Staff also was tasked to explore other funding sources. Tideland funds cannot be used as Portola Plaza is outside the area of the tidelands. This analysis also eliminates the possibility of using parking funds as the design of the Portola Plaza emphasizes pedestrian access without the creation of any parking spaces. Sewer funds will be used to pay for the replacement of sewer lines.

- **951 Del Monte-** Questions regarding the level of funding were asked. The identified remediation work will occur in distinct phases. Phase 1 will install injection and monitoring wells and administer state approved reactant to mitigate hazardous waste. Phase 2 will provide a second injection of reactant in the FY 2016/2017. At this point in time, staff believes that the remediation work will require a minimum of two annual injections. However, the final number of injections will be determined from the data collected by the monitoring wells. The funds requested are adequate to complete the first two phases.

- **Custom House Plaza Fountain Removal-** Issues regarding the ability of the City to perform work on the State property were raised. The project will allow greater flexibility when utilizing the Custom House Plaza for City events. The nexus to the City is that the current plan is to utilize the plaza to provide a venue for events while the Conference Center renovation occurs.
- **Wharf 1 Sewer Line-** This project is to replace the sewer main located under Wharf 1. Questions regarding the payment of sewer charges into the sewer fund by tenants were raised. The City is charged sewer fees by the Monterey Regional Water Pollution Control Agency (MRWPCA). The City then invoices each tenant based upon the information provided by the MRWPCA. The fees charged include system infrastructure maintenance. Sewer upgrades are funded through the fees collected from all ratepayers, residential and commercial.
- **Wharf 2 Truck Turnaround-** This project is required to increase safety of the public on the wharf, particularly during fishing season. Project feasibility will be performed prior to entering into full design contracts

The matter before Council is to adopt the attached resolution approving the recommended Capital Improvement Program (CIP) for funding in Fiscal Years (FYs) 2015/16 and 2016/17.

SW:sm

Attachments: 1. Resolution with Exhibit A, Recommended Capital Improvement Program (CIP) Projects FYs 2015/16 and 2016/17

e: Robert M. Harary, P.E., Principal Engineer/Capital Programs Manager  
 Kim Bui-Burton, Community Services Director  
 Wayne Dalton, Parking Superintendent  
 Steve Scheiblaue, Harbormaster  
 Cindy Vierra, Recreation and Community Services Manager

**RESOLUTION NO. \_\_-\_\_ C.S.**

Date: June 16, 2015

Item No: 17.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY**

**ADOPT RECOMMENDED CAPITAL IMPROVEMENT PROGRAM (CIP) PROJECTS  
FOR FISCAL YEARS 2015/16 AND 2016/17 \*\*\*CIP\*\*\***

WHEREAS, on June 2, 2015, the City Council reviewed the proposed Capital Improvement Program (CIP) projects and corresponding budget for Fiscal Years 2015/16 and FY 2016/17 thereafter held a public meeting concerning the proposed CIP;

WHEREAS, on May 26, 2015, the Planning Commission reviewed the proposed projects and determined that they were consistent with the City's General, Neighborhood, Area, and Coastal Plans;

WHEREAS, the proposed CIP Budget for FY 2015/16 and FY 2016/17 was prepared and submitted to the City Council on June 16, 2015 in accordance with Section 6.3 of the City Charter; and

WHEREAS, the City of Monterey Planning Office determined that the following actions are exempt from the California Environmental Quality Act (CEQA) (Article 19, Section 15301, 15302, 15303, 15306, 15316, and 15325) because the proposed actions involve the operation, repair, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures, mechanical equipment or topographical features involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. Alternatively, the projects may include basic data collection, research, experimental management and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These efforts may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted or funded. These exempt projects include:

CIP:

Police Station Electrical Panel  
Transfer to Storm Water project  
Pavement Management Program Reinspection - 2017 Partial Funding  
Annual Sewer Root Foaming  
Sewer Rate Justification for Prop 218 Process  
Wharf 2 Mid-Wharf Restroom  
Parking Access Revenue Control System (PARCS) -Downtown Garages  
Wireless Credit Card Parking Meter Replacement

Exempt Projects:

Furthermore, the exempt projects do not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located - a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The project sites are not located in sensitive areas and repair existing facilities or involve negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

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Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report (EIR). These projects are not located on Highway 1 or 68 and no impact will occur.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. None of these project sites are located on sites listed pursuant to Section 65962.5.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. None of the projects will affect historic resources. The projects that will require excavation are not located in high archaeological sensitivity areas.

For the remaining projects listed below, project specific environmental review will be conducted as the project is proposed. As currently conceived, the projects are consistent with the City's plans and project specific impacts could be reduced to a less than significant level through project design and specifications.

CIP:

Portola Plaza  
Sidewalk Repair  
Tunnel Electrical Panel  
Del Monte Rule 20A  
ADA Facility Upgrades  
Wharf 1 Trash Compactor  
951 Del Monte

Frank Sollecito Ball Park (matching funds)  
 CIP Contingency  
 Wharf 2 Mid-Wharf Restroom  
 Replace Marina "K" Tier  
 Wharf 2 Fire suppression  
 Pavement Reconstruction/Resurfacing Program  
 Wharf 1 Sewer line  
 Sewer Repair Project  
 Fire Station Gas Station Canopy  
 Wharf 1 Substructure Repair  
 Causeway Repair-Phase 2  
 Wharf 2 Truck Turnaround  
 Parking Lot Maintenance  
 Waterfront Parking Lot Technology/Multi-Use Upgrade  
 Cannery Row Parking Garage - Elevators Weather protection and install a grease/storm water separator system

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that the Capital Improvement Program (CIP) Budget for Fiscal Years 2015/16 and 2016/17 with Exhibit A, attached to this resolution and containing information as required in Section 6.3 of the Monterey City Charter, is hereby adopted and approved in the following amount:

Capital Improvement Program Budget      \$7,765,000.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this \_\_\_\_\_ day of \_\_\_\_\_, 201\_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

\_\_\_\_\_  
Mayor of said City

\_\_\_\_\_  
City Clerk thereof

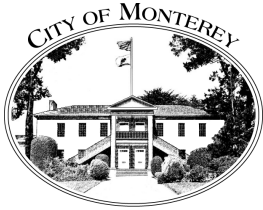
## CAPITAL IMPROVEMENT PROGRAM (CIP) PROJECTS FY 2015/16 AND 2016/17

	Funding Allocations	FY 2015/16	FY 2016/17	Description
	<b>GENERAL FUND</b>			
1	Portola Plaza	\$750,000		Partial Funding to complete the remodel of Portola Plaza- Total project estimate is \$3,000,000
2	Sidewalk Repair	\$80,000	\$320,000	Funding for sidewalk and curb repair that is the City's responsibility. This is the general fund contribution. Additional repairs/ADA upgrades will be made with Measure P and HUTA funding.
3	Police Station Electrical Panel		\$90,000	Replace aged electrical panel in the basement at the Police Station.
4	Tunnel Electrical Panel		\$160,000	Replace aged electrical panel and two control panels at the tunnel.
5	Del Monte Rule 20A		\$225,000	This will fund the City's portion of the Del Monte Rule 20A project to underground overhead utility lines. (Camino El Estero to Park Ave)
6	ADA Facility Access Upgrades	\$50,000	\$50,000	This project will provide additional funding to address potential ADA issues within City facilities where the use of Measure P or HUTA funding is not appropriate.
7	<i>Transfer to Storm Water project</i>	<i>\$75,000</i>		<i>Transfer to fund Storm Water project(s)</i>
8	Wharf 1 Trash Compactor		\$175,000	Funds required to augment the project budget. Existing funding is \$325,000. total project estimate is \$500,000.
9	951 Del Monte	\$355,000	\$100,000	Partial funding to implement clean up and remediation of groundwater contamination at City-owned property at 951 Del Monte Avenue.
10	Frank Sollecito Ball Park (matching funds)		\$300,000	Provide matching funds to a private donation for improvements to the ball field.
11	Custom House Plaza Fountain Removal	\$130,000		Removal of fountain at Custom House Plaza
12	Information Services Projects	\$135,000	\$24,000	Hansen modules, access controls and video surveillance
13	CIP Contingency		\$131,000	Due to existing backlog, several projects no longer have sufficient funding to complete. This project will provide funding to complete projects those that were estimated several years ago or have extenuating circumstances that require additional funding to complete.
	<b>Annual Total</b>	<b>\$1,575,000</b>	<b>\$1,575,000</b>	
	<b>Total General Fund:</b>		<b>\$3,150,000</b>	
	<b>MARINA FUND</b>			
14	Wharf 2 Mid-Wharf Restroom	\$365,000		Design and install a mid-wharf restroom and boater shower facility. The design is to include a unisex stall available for use by the general public. Total project estimate \$375,000.
15	Replace Marina "K" Tier	\$40,000		Replace Dock structure "K" Tier
16	Wharf 2 Fire suppression	\$175,000		This item will correct deficiencies in the Wharf 2 fire system
	<b>Annual Total</b>	<b>\$580,000</b>		
	<b>Total Marina Fund</b>		<b>\$580,000</b>	
	<b>GAS TAX (Highway User Tax-HUTA)</b>			
17	Pavement Management Program Reinspection - 2017 Partial Funding	\$17,000	\$17,000	Provide incremental partial funding for 5-year pavement assessment anticipated in 2017 @ \$16,000 per year.
18	Pavement Reconstruction/Resurfacing Program	\$658,000	\$658,000	Repair and maintain City streets using reconstruction, overlay, slurry, and/or cape sealing treatments. Project would also include street preparation of failed areas. A portion of these funds would pay for ADA improvements.
	<b>Annual Total</b>	<b>\$675,000</b>	<b>\$675,000</b>	
	<b>Total Gas Tax:</b>		<b>\$1,350,000</b>	

## CAPITAL IMPROVEMENT PROGRAM (CIP) PROJECTS FY 2015/16 AND 2016/17

	Funding Allocations	FY 2015/16	FY 2016/17	Description
	<b>SEWER FUND</b>			
19	Annual Sewer Root Foaming	\$60,000	\$60,000	Sewer root foam approximately 48,000 lineal feet of the 538,560 lineal feet of sewer mains. These mains either have known root intrusion or have access constraints that prohibit routine jetting operations.
20	Sewer Rate Justification for Prop 218 Process	\$15,000	\$15,000	Provide incremental partial funding for 5-year annual sewer rate justification for Prop 218 process.
21	Wharf 1 Sewer line	\$150,000		Repair to sewer main under Wharf 1
22	Sewer Repair Project	\$175,000	\$325,000	This project will provide the ability to respond to unforeseen sewer failures during the course of the budget period and for minor cost overruns and contingencies.
	<b>Annual Total</b>	\$400,000	\$400,000	
	<b>Total Sewer Fund</b>		<b>\$800,000</b>	
23	<b>STORM WATER FUND (Augmentation from GF)</b>			
	Fire Station Gas Station Canopy	\$75,000		Installation of canopy, installation and connections to storm water interceptor @ Fire Station #1
	<b>Annual Total</b>	<b>\$75,000</b>		
	<b>Total Storm Water Fund</b>		<b>\$75,000</b>	
	<b>TIDELAND FUND</b>			
24	Wharf 1 Substructure Repair	\$100,000		Funds required to repair damaged substructures (hangers) below the wharf decking.
25	Wharf 2 Mid-Wharf Restroom	\$10,000		Design and install a mid-wharf restroom and boater shower facility. The design will include a unisex stall available for use by the general public. Total project estimate \$375,000.
26	Causeway Repair-Phase 2	\$300,000		This project will complete the installation of decorative rock for the causeway project. This project is a requirement of the Coastal Commission.
27	Wharf 2 Truck Turnaround	\$100,000		Project will evaluate and fund the preliminary design and permits required to install a truck turn-around on Wharf 2. Additional funding will be requested when design is known.
	<b>Annual Total</b>	\$510,000	\$0	
	<b>Total Tideland Fund</b>		<b>\$510,000</b>	
	<b>PARKING FUND</b>			
28	Parking Lot Maintenance	\$100,000	\$100,000	Provide repairs for pavement, curbs, or signage at parking lots.
29	Parking Access Revenue Control System (PARCS) -Downtown Garages	\$100,000		Modernize the PARCS equipment in the garages to allow pay on foot stations and pay on exit lanes
30	Waterfront Parking Lot Technology/Multi-Use Upgrade	\$800,000		Augment previous allocation for full re-surfacing of lot, median and landscaping removal to improve flexibility, install perimeter drought-resistant landscaping, safety lighting, "smart parking" technology infrastructure and updated equipment. Packaged together for a "dig once" approach. Total project budget is \$1,200,000.
31	Wireless Credit Card parking Meter replacement	\$50,000		This item will replace 100 electronic parking meters with credit card enabled meters.
31	Cannery Row Parking Garage- Elevators Weather protection and install a grease/ storm water separator system	\$150,000		Augment the project budget and scope to include weather protection that will aid in the reduction of water intrusion in elevator drainage system. Provide system to separate grease/storm water
	<b>Annual Total</b>	\$1,200,000	\$100,000	
	<b>Total Parking Fund</b>		<b>\$1,300,000</b>	
	<b>FY 2015/16 and FY 2016/17 CIP Project Grand Total:</b>		<b>\$7,765,000</b>	





## Joint Powers Financing Authority Agenda Report

Date: June 16, 2015

Item No: 18.

**FROM:** Jimmy E. Forbis, Finance Director  
Prepared By: Julie Porter, Assistant Finance Director

**SUBJECT:** Adopt the Joint Powers Financing Authority Budget for Fiscal Years 2015-16 and 2016-17

### **RECOMMENDATION:**

That the Joint Powers Financing Authority approve the attached resolution approving and adopting the budget for fiscal years 2015-16 and 2016-17.

### **POLICY IMPLICATIONS:**

Adoption of the proposed budget is a statutory requirement of Section 33611 of the California Health and Safety Code.

### **FISCAL IMPLICATIONS:**

The Authority's FY2015-16 and FY16-17 proposed budgets total \$955,753 and \$965,344 respectively which will be used to pay principal, interest and related debt service expenses on the 1994 Lease Revenue Bonds and the 2013 Lease Revenue Refunding Bonds. The Authority has no other fiscal responsibilities.

### **ENVIRONMENTAL DETERMINATION:**

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

### **ALTERNATIVES CONSIDERED:**

None, this is a required document to comply with bond covenants.

## **DISCUSSION:**

During fiscal year 1994-95, the City of Monterey and the Redevelopment Agency of the City of Monterey entered into a joint powers agreement and formed the City of Monterey Joint Powers Financing Authority for the purpose of issuing bonds to finance the construction of a materials recycling facility at Ryan Ranch. Once the Financing Authority was established, the City conveyed approximately 9 acres of property at its Ryan Ranch site to the Authority, which then issued \$4,045,000 in lease revenue bonds to finance the construction of the materials recycling facility (MRF) on the site. As part of the financial structure of the bond issue, the site and future facility were leased back to the City of Monterey and then subleased to the Monterey City Disposal Service, Inc., the City's waste disposal franchisee. The rental revenue stream from the sublease to MDS will fund the debt service for the bonds.

In 2002, the Authority leased the Sports Center from the City and then issued bonds for \$9,860,000 for an expansion to the Sports Center and to assist in the purchase of a Window on the Bay property. The Sports Center was leased back to the City with the principal and interest payments on the bonds becoming a facility lease obligation of the City. On September 24, 2013, a new lease assignment between the City and the Authority was entered into for the Fire/Police Administration Building and Fire Station 3, with the Authority assigning rights to the base rental payments due under the facility lease to Capital One Financing, LLC. In return, the Authority received \$7,170,000 from Capital One Financing, LLC. to refund the Lease Revenue Bonds, Series 2002, and terminate the Facilities Lease Agreement for the Sports Center. The exchange in property between the Sports Center and Fire & Police Administration Building/Fire Station 3 was done to better match the value of buildings with the amount of the bonds. Upon retirement of the lease obligation in 2032, the facility lease will expire as will the lease between the Authority and the City.

The attached budget document contains a JPA Authority overview summary of the indebtedness and a budget schedule of revenues and proposed expenditures for fiscal years 2015-2016 and 2016-17. The revenues include the City facility lease payments and interest on reserves held by Trustee. The expenditures include debt service and administrative costs related to the bond issues.

JF/jp

Attachments: 1. Resolution  
2. Exhibit A – 2015-17 Biennial Budget

**JPA RESOLUTION NO. \_\_\_\_**

Date: June 16, 2015

Item No: 18.

**A RESOLUTION OF THE JOINT POWERS FINANCING AUTHORITY  
OF THE CITY OF MONTEREY**

**ADOPT THE JOINT POWERS FINANCING AUTHORITY BUDGET FOR FISCAL YEARS  
2015-16 AND 2016-17**

WHEREAS, The Joint Powers Financing Authority Board of Directors reviewed the proposed 2015-16 and 2016-17 budgets and caused a public hearing to be held concerning the proposed budget;

WHEREAS, The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF MONTEREY JOINT POWERS FINANCING AUTHORITY that it hereby adopts the budget for fiscal years 2015-16 and 2016-17, as reflected in Exhibit A.

PASSED AND ADOPTED BY THE BOARD OF THE MONTEREY JOINT POWERS FINANCING AUTHORITY this \_\_\_\_ day of \_\_\_\_\_ 201\_, by the following vote:

AYES:	DIRECTORS:
NOES:	DIRECTORS:
ABSENT:	DIRECTORS:
ABSTAIN:	DIRECTORS:

APPROVED:

ATTEST:

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Chairman of the City of Monterey  
Joint Powers Financing Authority

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Secretary of the City of Monterey  
Joint Powers Financing Authority

**CITY OF MONTEREY  
JOINT POWERS FINANCING AUTHORITY**

**2015-2017**

**BIENNIAL BUDGET**

\* \* \* \* \*

Clyde Roberson, Chair

Timothy Barrett

Libby Downey

Alan Haffa

Ed Smith

\* \* \* \* \*

Michael McCarthy, Executive Director

Bonnie Gawf, Secretary

Jimmy E. Forbis, Controller

**CITY OF MONTEREY  
JOINT POWERS FINANCING AUTHORITY  
2015-2017 BIENNIAL BUDGET**

	2015-16 Proposed	2016-17 Proposed
<b><u>REVENUES</u></b>		
Facility lease revenue	\$947,171	\$956,762
Interest income	8,582	8,582
Total revenue	955,753	965,344
<b><u>EXPENDITURES</u></b>		
Debt Service		
Principal	625,000	665,000
Interest	322,171	291,762
Professional services	8,582	8,582
Total expenditures	955,753	965,344
Revenues over (under) expenditures and transfers	\$0	\$0

**2015-2017 BIENNIAL BUDGET OF THE CITY OF MONTEREY  
JOINT POWERS FINANCING AUTHORITY**

On July 6, 1993, the City of Monterey and the Redevelopment Agency of the City of Monterey entered into a Joint Powers Agreement and established the City of Monterey Joint Powers Financing Authority. The Authority was created by resolution of the City Council of the City of Monterey, which sits as the governing body of the Authority and calls on all City departments for administrative and general assistance.

The Authority was established for the purpose of financing the construction of a materials recovery facility (recycling center) on land conveyed to the Authority by the City. Subsequent to its creation, the Authority issued \$4,045,000 in lease revenue bonds for construction of the materials recovery facility. The site and facility were leased back to the City, with the debt service on the bonds being a facility lease obligation of the City. The City's lease obligation is funded with revenues derived from a sublease agreement between the City and Monterey City Disposal Service, Inc., the City's waste disposal franchisee. Upon retirement of outstanding debt by the Authority for this facility, title to the site and facility will revert to the City.

**OUTSTANDING BOND PRINCIPAL AS OF JUNE 30, 2017**

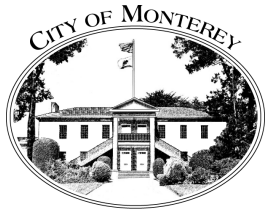
Original Principal	Date Issued	Maturity Date	Interest Rate	Principal Maturing FY16	Principal Maturing FY17	Principal Balance 06/30/17
\$ 1,100,000	1994	02/15/18	5.5-5.75%	\$ 340,000	\$ 370,000	\$ 400,000

In 2002, the Authority leased the Sports Center from the City and then issued bonds for \$9,860,000 for an expansion to the Sports Center and to assist in the purchase of a Window on the Bay property. The Sports Center was leased back to the City with the principal and interest payments on the bonds becoming a facility lease obligation of the City.

On September 24, 2013, a new lease assignment between the City and the Authority was entered into for the Fire/Police Administration Building and Fire Station 3, with the Authority assigning rights to the base rental payments due under the facility lease to Capital One Financing, LLC. In return, the Authority received \$7,170,000 from Capital One Financing, LLC. to refund the Lease Revenue Bonds, Series 2002, and terminate the Facilities Lease Agreement for the Sports Center. Upon retirement of the lease obligation in 2032, the facility lease will expire as will the lease between the Authority and the City.

**OUTSTANDING LEASE OBLIGATION AS OF JUNE 30, 2017**

Original Principal	Date Issued	Maturity Date	Interest Rate	Principal Maturing FY16	Principal Maturing FY17	Principal Balance 06/30/17
\$ 6,680,000	2013	05/01/32	3.87%	\$ 285,000	\$ 295,000	\$ 6,100,000



## Community Services District Agenda Report

Date: June 16, 2015

Item No: 19.

**FROM:** General Manager

**SUBJECT:** Ocean View Community Services District Budget for 2015-16 and 2016-17

**RECOMMENDATION:**

That the Ocean View Community Services District Board adopt the attached resolution approving the 2015-16 and 2016-17 budgets for the Ocean View Community Services District.

**POLICY IMPLICATIONS:**

Adoption of an annual District budget is in line with Board policy and state law.

**FISCAL IMPLICATIONS:**

Adoption of the proposed budget will provide funding to insure the District.

**ENVIRONMENTAL DETERMINATION:**

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

**ALTERNATIVES CONSIDERED:**

None

**DISCUSSION:**

On December 27, 2005 the Local Agency Formation commission of Monterey County adopted Resolution No. 05-27 approving the formation of the Ocean View Community Services District ("District"). The Monterey City Council was subsequently appointed as the District Board. The Board is required to adopt an annual budget for the District.

The 2015-16 and 2016-17 proposed District budget is as follows:

	<b>FY2015-16</b>	<b>FY2016-17</b>
Professional Services	\$20,000	\$20,000
Insurance Premiums	\$7,000	\$7,000
<b>Total</b>	<b>\$27,000</b>	<b>\$27,000</b>

The line item for Professional Services is to provide a budget for any City staff time (e.g., legal, accounting, etc.) or external professional services that may be needed during the fiscal year. The insurance budget is to provide coverage agreed to by the City and the developer in the fall of 2005.

JF/jp

Attachments: 1. Resolution



**CSD RESOLUTION NO. \_\_\_\_**

Date: June 16, 2015

Item No: 19.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
OCEAN VIEW COMMUNITY SERVICES DISTRICT**

**ADOPT FY2015-16 AND 2016-17 BUDGETS FOR THE OCEAN VIEW COMMUNITY  
SERVICES DISTRICT**

WHEREAS, the Board of Directors reviewed the proposed 2015-16 and 2016-17 District budgets and caused a public hearing to be held concerning the proposed budget;

WHEREAS, The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE OCEANVIEW COMMUNITY SERVICES DISTRICT that the Operating Budget is hereby approved for fiscal years 2015-16 and 2016-17 in the following amounts:

	<b>FY2015-16</b>	<b>FY2016-17</b>
Total Revenues	\$27,000	\$27,000
Total Expenditures	\$27,000	\$27,000

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE OCEAN VIEW COMMUNITY SERVICES DISTRICT this \_\_\_\_ day of \_\_\_\_\_ 201\_, by the following vote:

AYES: BOARD MEMBERS:  
NOES: BOARD MEMBERS:  
ABSENT: BOARD MEMBERS:  
ABSTAIN: BOARD MEMBERS:

APPROVED:

ATTEST:

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Board President  
Ocean View Community Services District

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District Secretary thereof