

Special City Council Meeting  
June 23, 2004 7:00 PM  
City Hall

**PRESENT**

Mayor Tom Cooke  
Councilwoman Debi August  
Councilman Mel Berti  
Councilman Dean Glaser

**STAFF**

City Manager  
Finance Director  
Administrative Assistant  
Parks & Recreation Director  
City Engineer  
Public Works Director  
Police Chief  
Deputy City Clerk

**STUDY SESSION ON THE DRAFT 2004-05 FISCAL YEAR BUDGET**

City Manager Duane Rigge said we are presenting a balanced budget including a 5% cost of living adjustment for all our employees. He said the budget includes changes in staff organization and additions to staff. Duane said it may be appropriate to take comments from the various organizations before reviewing the draft budget.

Connie Berti, President of the Chamber of Commerce said she appreciates the City and the Chamber working together and she thanked the Council for their support.

Cliff Chapman, Executive Director of the Chamber said tonight they approved the tourism and marketing plan and things are going well.

Leslie Lollich, Director of the Volunteer Center of the Redwoods thanked the Council for their continued support and Mayor Cooke said we recognize RSVP is one of the great deals the City gets in return for the donation we make.

Council then reviewed the budget expenditures department by department. City Manager Rigge said that in addition to the salary increase, the increases in the CalPERS cost are included in the "benefit" line item of expenses.

City Manager Rigge said he has been very pleased with the response we have received from the City Attorney and that he is present at the City Council meetings. Councilwoman August said that it would be nice to know what the City Attorney does besides attend the meetings, and City Manager Rigge said he would provide a summary report every month of the activity of the City Attorney.

The Community Development Department was discussed at length. City Manager Rigge said the Solid Waste Program has been transferred from this department to the Public Works Department. He said because of the tasks in front of us, we are proposing the addition of 2 full-time employees (FTE), 1 full-time and 2 part-time which are included in this budget. One part-

time would be clerical administrative, the other would be an engineering technician with the full-time position as an assistant planner.

Councilman Glaser said we do not have a state certified licensed surveyor and City Manager Rigge said we contract with Spencer Engineering for a licensed land surveyor.

Councilwoman August said she is not in favor of any of these positions at this time, and somebody is going to have to tell us why we need these positions.

City Engineer Susan Tappan said an assistant planner is necessary to handle the workload that comes into the Planning Department, preparing staff reports and reviewing CEQA documents. She said we perceive a large workload coming next year. Susan said the office person would be 6 hours per day to be available to answer questions on zoning and setbacks, making copies, getting mailings out, putting plans away. She said an engineering technician is necessary because Jedd Short needs help in the field with the wastewater treatment plant coming in the future. The technician could also help doing building inspections for the building department.

Mayor Cooke said we have not developed a complete set of improvement standards in 15 years, or updated our zoning code in a decade, and revised our general plan, and we are envisioning doing this over the next 12 to 18 months. He questioned if the assistant planner is a 2-year position, and if those major tasks are completed, the workload would then drop back to maintenance mode.

City Manager Rigge said we're not going to get these tasks done with the staff we now have and we are showing indications of not being able to keep our service levels up.

Councilwoman August said she would like to see a flow chart of the projects on-going now.

Administrative Assistant Cheryl Bryant said the engineering tech is not a new position. Cheryl also noted she is 2 years behind on the sidewalk loan projects.

Councilwoman August said there is nothing left in Fortuna to develop and she questioned what projects staff is looking at. Debi said that if a project comes in, in August and doesn't get approved until June of the following year, we are in trouble, but doesn't think that is because we are understaffed. Debi said we need to have a process.

Dennis Wendt said we need a minimum of one person in the Planning Department and you can't give the level of service without having people to give the service.

Mayor Cooke said Planning Commissioner Doug Strehl also told him that we need to provide more staff assistance to the planning department. Mayor Cooke said there have been no planning code updates in the last 6 months because other projects have come before it.

Councilwoman August said she is all for giving staff as much help as they possibly need, but said she doesn't know if we will get these projects out any more in a timely manner than we are at the present time.

Mayor Cooke said he is concerned about our general plan, that it becomes updated to be clear and consistent. Tom said we started a review of the zoning code 2 or 3 years ago and said this needs to be completed this fiscal year.

City Manager Rigge said the Finance Department has also been doing some cross-over items to help the Community Development Department.

The Parks and Recreation budget was considered and the Parks and Rec Director John Crotty said they have brought in over \$50,000 this month to date in recreation revenues. He also noted that basketball camp is going on this week.

The Police Department budget was considered and City Manager Rigge said the Police Department has received a 2 year traffic grant and this position will start in October. He said there is also the addition of a records clerk position.

Chief Bradshaw said we did eliminate a couple of sworn positions, but we received the grant will be 100% paid for officer and benefits for 2 years. He said it will be 100% the first year and 50% the second year. He said the proposed budget for the Police Department, even with the new officer and new records clerk the total expenditures is less than what we spent last year. He said they are striving to make their department more efficient. He also noted there will be a significant turnover in the Police Department and we should start planning for that.

Mayor Cooke said the Police Department is the largest general fund portion of the budget and expressed appreciation to the volunteers and programs set up. He said this is the safest town in Humboldt County.

The Public Works budget was discussed and City Manager Rigge said there is an organizational change in Public Works. He said a new part time position of Engineering Tech has been added.

Public Works Director Charles Clark said he has had an HSU student since he came to Fortuna. He said the intent is to hire an HSU student to help with special programs.

City Manager Rigge also said we have a title change of Public Services Manager which is Wayne Yazzalino's position. The Wastewater Treatment Plant Manager position is Bruce Gehrke's position.

Charles Clark said discussion was held regarding the need for general fund employees and we needed to look at organization. He said the model he has adopted is close to Eureka and Humboldt Community Services District.

Mayor Cooke said we are going to embark on a major expansion of the wastewater treatment plant which will be the largest expansion the City has done. He questioned if the intern position is to assist in making sure the expansion goes smoothly. Charles Clark said that he and Jedd Short and Bruce Gehrke will be doing the technical inspections.

Mayor Cooke said we have a tendency to try to do things in-house where sometimes the product we get is not what we need. Tom said if that's what we're going to do here, he hopes we have the staffing and expertise in staff and make that happen and get the product we want. He said construction management for a project this size would be at least \$700,000.

Charles Clark said he is very comfortable doing these types of projects, and this is the sixth major expansion he has managed. Charles said he needs to have Bruce Gehrke in the treatment plant all the time, and he has shifted some utility workload over to Wayne Yazzolino but said it's just an organizational shift to take advantage of the people he has.

Charles also noted we now have a little more control over our enterprise fund.

The Solid Waste Program was reviewed and City Manager Rigge said this has been shifted to the Public Works Department from Community Development. Charles Clark said that Louise Jeffrey from the County will help get us focused and help us put together quarterly reports as part of the compliance. He said she would be the technical guide.

Mayor Cooke said our current franchise agreement is set up so there are actually incentives for our hauler to take County garbage and credit it to us. Tom said Eel River Disposal is asking for changes in their franchise agreement and we need to get back a mechanism that protects us from this waste transfer. Tom said he's got a financial incentive to not play by the rules and we need to put a lot more effort into that.

Mayor Cooke also said the household hazardous waste needs to be addressed also. He said we need to join or pay for our fair share to the County program because they are doing it for us. Mayor Cooke suggested we add the \$8,000 back to the budget and it will be added.

The Water Division department was considered and it was determined the Annual Water Report should be increased from \$1,000 to \$3,000. No objection was heard. Councilman Glaser suggested we do some type of thank-you gratuity to the Explorer youth that helped put the mailing together. He suggested possibly a certificate for the theater.

Councilwoman August said we are planning on spending a lot of money on drainage and street improvements with the Fortuna Redevelopment Agency and she said we have not added anybody to this department. Charles Clark said these projects will all be put under contract.

Mayor Cooke said if the increment allows us to, we are going to get debt service in the redevelopment agency and do all those drainage projects listed in the C.I.P. plus fixing the water system. Tom said that whatever we can legally do to strengthen our general fund is a good thing.

City Manager Rigge said the net sum increase of employees is one additional full time employee from last year's budget.

The Council then reviewed the draft fee resolution. Mayor Cooke said he assumes the sewer increases are based on the Engineering New Record (ENR) and Charles Clark said some pass-through costs have increased it above that number.

Mayor Cooke said we get our debt service for the treatment plant upgrade, there is going to be a huge line item to pay back that debt and we are anticipating that from our rate increases. Mayor Cooke said these increases don't anticipate any debt payment, so when we get the debt we are going to look at what that is, amortized over 20 or 30 years and those rates may have to be adjusted.

City Manager Rigge said we will have an issuance of a bond in 60 days or less and we have to pledge revenue for those enterprise operations if we are going to get a bond. He said we don't know what that is and we can't anticipate it.

Mayor Cooke said that in the water system we have half a million dollars in debt surplus that can be used for debt service. He said in the wastewater system an operating surplus of \$300,000 that can be used for debt service, but we may have to generate an additional couple hundred thousand.

The Council then reviewed the Community Development Fees for Services and City Manager Rigge said this is what we feel is the fair share of what the development community should pay for, for this service that would not be a burden on the general fund.

Councilwoman August said that if we raised water and sewer rates as much as staff wants to raise these rates, we would have the whole City of Fortuna here.

Mayor Cooke said we estimated we took in \$358,000 and next year with the upgraded fees it is estimated to only be \$402,000. He said in a lot of cases the fees are doubling.

City Manager Rigge explained it doesn't mean we will double the revenue because we are doubling the fees because some of these items are infrequent.

Mayor Cooke said that we have concerns about the quality of service that we are going to provide the development community, we are significantly increasing staff in order to provide that service, and we have a large number of complaints about the quality of service we are providing. He said that we have \$550,00 in the development reserves and he questioned what we plan to do with that.

City Manager Rigge said we are not going to be able to do the General Plan internally. He said there is a lot of work to be done before it gets to the Planning Commission and Council.

Mayor Cooke said he has seen a legal review that looked at the consistency of our General Plan. Tom said we are walking on quicksand.

Councilwoman August said this should have been distributed to the whole Council, and Mayor Cooke said it was part of the Big Box Task Force.

City Manager Rigge said we have been treating it as privileged information but it is not a comprehensive review. He said he is reluctant to use the reserve to anticipate the additional cost of staff.

Mayor Cooke said if you are going to increase any fee 100%, it's much smoother to do it over time. He said we are doubling the fees we are collecting and we have a lot of money in reserves. It's a huge increase in fees. Tom questioned if we could look at something like a slow transition of 2, 3, or 4 years to get to that level of fees.

Mayor Cooke said that because we have under-charged costs, we should run into a deficit mode and start increasing the charges that we have.

Mayor Cooke said that when we do a building permit, we are doing it on the value of the building, the value of the building has gone up so that the amount of money we are taking in on building permits has been substantial. He said somebody that is building a house has been subsidizing somebody who does a development. Tom said the actual costs that go into developing a property are going to turn around and be reflected in the price of the lot.

Engineer Susan Tappan said that as the price of the lot is going up, those fees become a very small portion of all that. She said the fees are based on what it costs us to provide the service.

Mayor Cooke said if this is real and consistent with what other communities charge or less, we should take 2 to 3 years to transition toward it.

Councilman Berti requested a list of other cities for comparison.

Councilwoman August said she doesn't think the increase in general fund is because of building permit fees.

Mayor Cooke said they need additional information and do a comparison of other local communities and if these are target amounts, what portion of our revenues is the increase that's included in the \$402,000 worth of revenues. He said if we don't increase it, what are the expected revenues are we going to see and can we take that out of reserves, or how can we transition to it. He said we need that information and said they all agree that doing the full amount in the first year is not appropriate.

City Manager Rigge said staff will give a proposal that shows the transition issue over at least two if not three years.

Administrative Assistant Cheryl Nicholson asked if it would help if the reserve showed what we are considering using it for, the general plan consultant and the zoning consultant.

Councilwoman August indicated it wouldn't help because it's not in the budget.

Mayor Cooke said that if staff says they are going to do a general plan amendment and a consultant will cost \$250,000 and that's included in the budget and a line item in the budget and deplete the reserve down to zero, he might have a different attitude toward this.

Mayor Cooke said he asked for a general plan update and we all want to have it happen, and we don't have any funds for it. He said this budget is deficient and doesn't mean it justifies going to 100% of the proposed fees. Tom said he's not saying these ultimate fees aren't correct, but Fortuna may not want to charge that next year and we absolutely want to continue subsidizing because we have been undercharging. Mayor Cooke said this budget is deficient to the tune of approximately \$250,000.

Mayor Cooke also said they need to see how much of that component is in this revenue so they can make good conscious decisions. He said it may well be that we are going to loan money to the development fund in the next couple of years to get this dip and come back out of it. He said the development community should pay for the cost of development related issues.

Councilman Glaser suggested the same qualifier for senior citizen dog licenses be the same as water, age 62 and over.

It was noted the integrated waste recycling fee (AB 939) was not being charged and we will now charge 50 cents per month. Mayor Cooke questioned if this is a Proposition 218 fee and requested an opinion from City Attorney Dave Tranberg. City Manager Rigge said he would have the City Attorney write an opinion on Prop 218 compliance on the AB 939 fees.

City Manager Rigge said Eel River Disposal has been paying a host fee because of the transfer station. This can not be passed on to anybody else. He said we have not used those funds for what they were intended for and now we are doing that.

Councilwoman August also questioned the Hillside Drive Traffic Impact Fee and if we have collected any money. She said all those fees should be held separately in separate funds according to state law. Debi suggested staff may want to check into this.

Council briefly discussed the full time planner position and Mayor Cooke said he looks at the assistant planner position as one that we are transitioning into because of higher workload and special projects. Tom said Councilwoman August is asking if we can have a lesser than full time position, because then we don't pay benefits and it would be easier to let the person go.

Councilwoman August said she would like to know exactly how much we plan to pay this position.

Discussion was held regarding a second workshop date. Mayor Cooke suggested staff bring this information back on July 6<sup>th</sup> and have an agenda item for the fee resolution and the budget at our regular meeting on the 6<sup>th</sup> so Council can resolve these additional items. Mayor Cooke said that hopefully approval will be on July 19<sup>th</sup>.

There being no further business, the meeting adjourned at 9:25 PM.

