

**CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA
REGULAR MEETING**

JUNE 16, 2009

INVOCATION:

A Chaplain from the Ministerial Association gave the invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG:

Councilmember Cordero led the Pledge of Allegiance.

CALL TO ORDER:

Mayor Lavagnino called the Regular Meeting of the City Council to order at 6:30 p.m.

ROLL CALL:

MEMBERS PRESENT

Councilmembers Cordero, Orach, Patino, Zacarías, and Mayor Lavagnino.

STAFF MEMBERS PRESENT

City Manager Ness, City Attorney Trujillo, Assistant City Manager Haydon, Community Development Director Appel, Fire Chief Ortiz, Director of Utilities Sweet, Director of Public Works/City Engineer Whitehead, Director of Administrative Services Snodgrass, Director of Recreation and Parks Posada, City Librarian Buchanan, Planner III Halvorson, Police Commander Ritz, Police Lieutenant Flores, Community Programs Manager Coelho-Hudson, and Chief Deputy City Clerk Perez.

INTRODUCTION OF COMMUNITY DEVELOPMENT DIRECTOR

City Manager Ness introduced the City's new Community Development Director, Larry Appel. Mr. Appel brings a highly regarded planning and management background to the position after having served two years as Deputy Director of Planning Services with El Dorado County Development Services Department and more than 25 years with the County of Santa Barbara, most of which was in the North County. Mr. Appel and his wife, Philis, have been married over 30 years and have two grown children living in Santa Maria.

Community Development Director Appel said he was very happy to be back in Santa Maria. He knows the town very well, and was looking forward to working with the City Council and City staff.

PROCLAMATION – RECREATION AND PARKS MONTH

Councilmember Patino read a proclamation declaring the month of July 2009 as "Recreation and Parks Month" in the City of Santa Maria and encouraging the community to enjoy and participate in the benefits of public and private parks and

recreation programs, services, and facilities. The proclamation was accepted by Recreation and Parks Commissioner Kirk Spry.

VOLUNTEER OF THE MONTH

Councilmember Zacarías presented a gift to Schel Brown, the Recreation and Parks Volunteer of the Month for June 2009, for his exemplary leadership and commitment to the track and field program in the Santa Maria Valley and his assistance with the local and State Hershey's Track & Field Games.

PUBLIC COMMENT

Cary Gray, Teen Leadership of Santa Maria Valley, stated last night they held the graduation ceremony for the first Teen Leadership program. Once a month these teens gave up their free time to be part of the program. He thanked the City Council and the City for the youth grant that was used to help start the program.

Mickey Freeman read a statement from 1907 by President Theodore Roosevelt regarding the need for immigrants to assimilate into this Country.

Paula James commended the City for continuing the DUI check points. She also said there would be more TEA parties on July 4th including one at Pioneer Park in Santa Maria.

Mark Rademaker talked about the need to love your enemies.

Erin Meleen talked about a young man who moved back to Mexico where he is now very successful. She said the illegal immigrants needed to go back to Mexico and change their country, not try to change this country.

Peggy Jordan thanked the City Council for supporting the Police Department and continuing the DUI check points. She asked that all businesses use E-Verify to ensure that newly hired employees were legally eligible to work. She mentioned a discussion she had with Congresswoman Lois Capps regarding the need to do something about the illegal immigrant problem. Congresswoman Capps suggested she talk to the farmers who hire the illegal immigrants.

Mary Jacka thanked the Police Department for taking drunk drivers off the road and making the residents safer; however, she disagreed with confiscating vehicles from unlicensed drivers. She agreed it was illegal to drive without a license, but said the people needed their cars to get to work. She said impounding the vehicles for 30 days was too strict.

Mike Farmer, President for the Fire Fighters Local 2020, thanked the City Council for considering the relocation of Fire Station No. 3 to the Preisker Park area. They realized that the funding for the project came from funds which were only allowed to be used for capital projects. They were honored that the City was considering the Fire Department to allocate the funding to.

CONSENT CALENDAR

Councilmember Cordero requested Item 3-H be pulled for comment. Mayor Lavagnino pulled Items 3-J and 3-O for comment. City Manager Ness requested Item 3-I be pulled for a correction.

Item H – Energy Efficiency and Conservation Block Grant

Councilmember Cordero stated when he first read this report he was very impressed that the City was looking at an alternative energy program; however, he had some concerns about changing the lighting at the mall parking structure. After asking some questions, he found that not only was it for energy efficiency, it was also a safety issue and a hope that once the lighting improved, more people would use the structure. He understood it much better and appreciated the work being done.

Item I – Speed Limit Zone Survey

City Manager Ness stated staff inadvertently omitted one of the sites in Ordinance No. 2009-13, the College Drive speed limit, and asked the Council's motion to amend the Ordinance to reflect the addition of the College Drive speed limit.

Item J – Parking Restriction

Mayor Lavagnino explained that the parking restriction was for the streets surrounding the Department of Motor Vehicles (DMV) building. Having the large trucks parked there for licensing and inspection, created blind spots. During the summer there would be a lot of children in the Maldonado Center area and the swimming pool. This was to protect the pedestrians.

Councilmember Zacarías asked if they could still park in the DMV parking lot.

City Manager Ness replied they could park in the parking lot but not on the street.

Item O – Lobbying Contract

Mayor Lavagnino stated so far this firm helped the City acquire \$48,335,000 in Federal funding. The return on the City's investment in this contract was tremendous.

Consent Calendar Items A through O were approved with the one correction to Ordinance No. 2009-13 on motion by Councilmember Zacarías, seconded by Councilmember Orach, and carried on the following vote:

AYES: Councilmembers Cordero, Orach, Patino, Zacarías, and Mayor Lavagnino
 NOES: None
 ABSENT: None
 ABSTAIN: None

A. ORDINANCES

The reading in full of all ordinances and resolutions was waived. Ordinances on the Consent Calendar were adopted by the same vote cast at the first reading unless City Council indicated otherwise.

B. MINUTES

The Minutes of the Regular City Council Meeting of June 2, 2009, were approved as submitted.

C. WARRANTS

Warrant Nos. 151121 to 151392 totaling \$865,493.22 were ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Administrative Services. Warrant No. 150398 was cancelled.

D. PAYROLL

Payment of payroll was ordered ratified subject to having been certified by the proper Department Heads, as shown on records on file in the Department of Administrative Services and having been approved for payment by the Director of Administrative Services.

E. ORDINANCE NO. 2009-12

The City Council conducted the second reading of Ordinance No. 2009-12 revising the Growth Mitigation Program Project List and Fees and adopted the ordinance.

Ordinance No. 2009-12 adopted. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, SETTING/REVISING THE 2009 GROWTH MITIGATION FEES.

F. AWARD OF BID

Resolution No. 2009-80 was adopted awarding Bid No. 2009/01, 2009 Street Overlay & Reconstruction Project, and approving an agreement with CalPortland Construction, Inc., in the amount of \$343,232.60.

Resolution No. 2009-80 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A CONTRACT WITH CALPORTLAND CONSTRUCTION, INC., FOR 2009 STREET OVERLAY & RECONSTRUCTION, BID NO. 2009/01.

G. AWARD OF BID

Resolution No. 2009-81 was adopted awarding Bid No. 2009/12, West Stowell Road Reconstruction Project, and approving an agreement with CalPortland Construction, Inc., in the amount of \$360,340.48.

Resolution No. 2009-81 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A CONTRACT WITH CALPORTLAND CONSTRUCTION, INC., FOR WEST STOWELL ROAD RECONSTRUCTION, BID NO. 2009/12.

H. ENERGY EFFICIENCY & CONSERVATION BLOCK GRANT

Resolution No. 2009-82 was adopted authorizing the City Manager and/or his designee to execute the necessary documents on behalf of the City of Santa Maria for application of funds available from the American Recovery and Reinvestment Act of 2009, Energy Efficiency and Conservation Block Grant Program.

Resolution No. 2009-82 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE APPLICATION FOR THE ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE NECESSARY DOCUMENTS ON BEHALF OF THE CITY OF SANTA MARIA FOR APPLICATION OF FUNDS

I. SPEED LIMITS

Ordinance No. 2009-13 setting speed limits on Centerpoint Parkway, College Drive, Southside Parkway, Taylor Street and Thornburg Street based on the City's Annual Speed Survey and the recommendation of the Traffic Committee was introduced as amended by title only for first reading and continued to the next meeting for second reading and adoption.

Ordinance No. 2009-13 introduced. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AMENDING CHAPTER 7-4, SPEED LIMITS, OF THE SANTA MARIA MUNICIPAL CODE.

J. TEMPORARY RESTRICTED PARKING

Resolution No. 2009-83 was adopted approving the temporary restriction of vehicles over six feet in height on East Boone Street and South McClelland Street.

Resolution No. 2009-83 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING A PARKING RESTRICTION OF VEHICLES OVER SIX FEET IN HEIGHT ON EAST BOONE STREET AND SOUTH MCCLELLAND, PURSUANT TO SECTION 22507 OF THE CALIFORNIA VEHICLE CODE.

K. NO STOPPING ZONE

Resolution No. 2009-84 was adopted approving the establishment of a 15-foot no stopping zone on East Boone Street between Elizabeth Street and East Avenue.

Resolution No. 2009-84 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING A NO STOPPING ZONE ON EAST BOONE STREET PURSUANT TO SECTION 7-5.16 OF THE SANTA MARIA MUNICIPAL CODE.

L. NO STOPPING ZONES

Resolution No. 2009-85 was adopted approving the establishment of no stopping zones on Stratford Avenue and Cypress Street at the intersection.

Resolution No. 2009-85 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING NO STOPPING ZONES ON STRATFORD AVENUE AND CYPRESS STREET PURSUANT TO SECTION 7-5.16 OF THE SANTA MARIA MUNICIPAL CODE.

M. NO STOPPING ZONES

Resolution No. 2009-86 was adopted approving the establishment of no stopping zones on both sides of East Barcellus Avenue at Miller Street.

Resolution No. 2009-86 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING NO STOPPING ZONES ON BARCELLUS AVENUE PURSUANT TO SECTION 7-5.16 OF THE SANTA MARIA MUNICIPAL CODE.

N. LIMITED TIME PARKING ZONE

Resolution No. 2009-87 was adopted approving the establishment of a limited time parking zone from 12:00 a.m. to 6:00 a.m. seven days a week on Preisker Lane.

Resolution No. 2009-87 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING A LIMITED TIME PARKING ZONE ON PREISKER LANE PURSUANT TO SECTION 7-5.14 OF THE SANTA MARIA MUNICIPAL CODE.

O. PROFESSIONAL SERVICES AGREEMENT

Resolution No. 2009-88 was adopted approving a Professional Services Agreement for a period of two years with Van Scoyoc Associates to provide comprehensive federal lobbying services.

Resolution No. 2009-88 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE AWARD OF A PROFESSIONAL SERVICES AGREEMENT FOR COMPREHENSIVE FEDERAL LOBBYING SERVICES.

ZONE CHANGE REQUEST FOR THE NEWLOVE VILLAS PROJECT, 202-222 EAST NEWLOVE DRIVE, GPZ-2007-003, TRACT 5741, PD-2007-020, E-2007-058, E-2007-070, ASSESSOR'S PARCEL NUMBER 128-075-007 (0.66 ACRES).

Planner III Halvorson gave the staff report. The City Council is asked to consider a recommendation from the Planning Commission regarding a Negative Declaration of Environmental Impact and a zone change of a 0.66 acre site from R-2 (Medium Density Residential) to PD/R-2 (Planned Development/Medium Density Residential) to allow the construction of eight detached single-family residences on small lots. The site is currently occupied by two residential single-family detached dwellings. Both dwellings have been abandoned and are proposed to be demolished upon development of the project site. Reduced front yard and side yard setbacks are proposed for this residential development.

At its regular meeting on May 20, 2009, the Planning Commission adopted Resolution Nos. 2543 and 2544 on a 3-0-2 vote (two Commissioners were absent) recommending that the City Council authorize the filing of the Negative Declaration of Environmental Impact and approve the proposed zone change. A Planned Development Permit and Subdivision Map are also being processed as part of this project. Due to the proposed lot sizes (2,722 square feet) which do not meet the required 6,000 square foot minimum standard, the map will require City Council approval at a later time.

Councilmember Patino stated she had a real problem with the lack of open space and reduced setbacks. They were trying to squeeze too many people into a small space.

Planner Halvorson stated that was a concern. The setback that was being reduced was the front yard setback. The rear yard actually conformed to the required setback. He walked the neighborhood, and it was a very dense neighborhood. The Tract Map would have to come back to the City Council because of the small lot size.

Councilmember Zacarías agreed with Councilmember Patino that the project was too dense. She said there was also the issue of two-story homes looking down on single story units.

Mayor Lavagnino opened the public hearing. Hearing no requests to speak, Mayor Lavagnino closed the public hearing.

Resolution No. 2009-89 approving a Negative Declaration of Environmental Impact was adopted on motion by Councilmember Orach, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Cordero, Orach, Patino, Zacarías, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2009-89 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE NEGATIVE DECLARATION (E-2007-070) FOR THE NEWLOVE VILLAS ZONE CHANGE (GPZ-2007-003), 202-222 EAST NEWLOVE DRIVE, ASSESSOR'S PARCEL NUMBER 128-075-007.

Ordinance No. 2009-14 changing the zoning from R-2 to PD/R-2 was introduced by title only for first reading and continued to the next meeting for second reading and adoption on motion by Councilmember Orach, seconded by Mayor Lavagnino, and carried on the following vote:

AYES: Councilmembers Orach, Zacarías, and Mayor Lavagnino
NOES: Councilmembers Cordero and Patino

ABSENT: None
ABSTAIN: None

Ordinance No. 2009-14 introduced. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, REZONING 0.66 ACRES OF PROPERTY LOCATED AT 202-222 EAST NEWLOVE DRIVE, GPZ-2007-003, ASSESSOR'S PARCEL NUMBER 128-075-007.

TOW SERVICE AGREEMENT.

Police Commander Ritz gave the staff report. The City Council is asked to consider approval of a new Tow Service Agreement between local Santa Maria tow companies and the Santa Maria Police Department and discontinue the construction of a City-owned vehicle impound facility on West Stowell Road. During the FY 06-07 budget, the City and the Police Department agreed to build an impound facility for towed vehicles. The City-owned facility and its operation was to be designed to function and operate as an enterprise program where revenues generated from vehicle impounds and storage fees would go toward financing the operations of the facility. The site was identified on West Stowell Road and plans to move forward with construction of the facility have been ongoing. During the permit process, local tow companies voiced their concerns over a City-owned facility and filed an appeal of the permit in an effort to convince the City to reconsider its plans. Based on their concerns, City staff worked diligently with the tow companies to reach a solution and create a mutually acceptable Tow Service Agreement. The new agreement has been reviewed and approved by all tow agencies. In exchange for the agreement, the tow companies have withdrawn their appeal; and with approval from the City Council, the City will discontinue efforts to construct and operate a municipal vehicle impound yard.

Councilmember Zacarías asked about a provision in the agreement that if the vehicle was valued at less than \$500, based on Kelly Blue Book, it would be abated and taken off the road. She asked if it was only for the vehicles that were not claimed after the 30 days and left at the tow yard. If the vehicle was valued at more than \$1,500, there was another set of rules. She asked what would happen to the vehicles between \$500 and \$1,500.

Commander Ritz explained the abatement of vehicles under \$500 would only be for those vehicles that were unclaimed. The tow company would determine the value through Kelly Blue Book. He explained that vehicles between \$500 and \$1,500 would be handled by mutual agreement between the tow companies and the Police Department.

Mayor Lavagnino thanked Mr. Flamm for the cooperation the tow service operators showed in working with the City.

Bernie Flamm thanked the City for working with the tow companies. He said it was a financial stress for the tow companies when they thought they were going to lose this income.

Andy Caldwell also thanked the City for creating a win-win situation. These were family-owned businesses that were scared to death for their livelihood. It demonstrated that a pro-business attitude could also be a pro-public safety attitude.

Councilmember Patino asked a number of questions regarding the provisions of the agreement including after-hours charges, signs, business records, rotation lists, auctioning of vehicles, release of vehicle to a licensed purchaser or person with a licensed driver present, insurance, and repeat offender vehicles. She thanked the tow companies for their work on the agreement.

Mr. Flamm addressed her questions and indicated that most of the provisions in the agreement were consistent with the way they currently did business with the City.

Councilmember Cordero said he also appreciated all parties who participated. He talked about the different categories of vehicles including forfeited vehicles.

Councilmember Zacarías asked if a vehicle was sold that had a lien holder, would any balance over and above what was owed be returned to the owner. She also asked if drug use was implied in the agreement when it talked about alcohol use.

Mr. Flamm explained that if the vehicle was sold for more than what was owed to the lien holder and owed in impound fees, the balance was turned over to the owner. He also explained that the drivers were already on a random drug test routine.

Resolution No. 2009-90 approving a tow service agreement was adopted on motion by Councilmember Cordero, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Cordero, Orach, Patino, Zacarías, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2009-90 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A TOW SERVICE AGREEMENT BETWEEN LOCAL SANTA MARIA TOW COMPANIES AND THE SANTA MARIA POLICE DEPARTMENT.

CONSIDERATION OF THE MID-CYCLE BUDGET REPORT AND PROPOSED AMENDMENTS TO THE 2009-10 ADOPTED CITY BUDGET (SECOND YEAR OF THE APPROVED TWO-YEAR BUDGET).

City Manager Ness gave the staff report. Last year the City Council adopted two one-year budgets covering the period from July 1, 2008, to June 30, 2010. At that time, staff indicated it would be necessary to revisit the adopted 2009-10 budget plan during the mid-cycle review period to make appropriate amendments to the budget based on unforeseen events and changes in the local economy. The City enters the 2009-10

budget process at a time when both the National and State economies are in severe recessions, and all economic indicators show that City finances are not immune. Since virtually all of the City's major revenue sources in the General Fund are economy driven, when the economy is down, so are City revenues. At the start of this year's mid-cycle budget process, departments were asked to identify accounts and areas where reductions of up to five percent could be made. This was, in part, in response to staff's preliminary calculations that the City's General Fund would be faced with a \$5.5 million financial gap going into 2009-10. To address the \$5.5 million short fall, staff put together a multi-faceted approach using a combination of one-time reserves (\$2.6 million or 63 percent), operating reductions (\$1.4 million or 26 percent), and proposed employee concessions (remaining 11 percent). The final piece to the financial plan is to use \$860,217 in one-time carryover financing that is a direct result of cost-saving measures implemented in early 2009 when the City took decisive steps to start reducing operational spending.

For 2009-10, the second year of the approved two-year budget, staff recommends reductions to both appropriations and revenues. Total proposed appropriations in the General Fund are \$53,875,030. This is \$2,052,740 or approximately 3.7 percent less than previously adopted. Overall, total proposed Citywide operating appropriations are \$136,875,690. This is \$7.2 million or five percent less than previously adopted. Total proposed revenues in the General Fund are \$53,014,813 or 5.2 percent lower than previously adopted. The difference between recommended General Fund revenues and appropriations will be made up by using one-time carryover funds from 2008-09. Total proposed Citywide operating revenues are \$124,285,273 which is \$2.6 million or roughly 2 percent less than previously adopted. The difference between the overall recommended revenues and appropriations will be made up by the use of one-time reserves. This use of one-time reserves is largely attributed to expenses associated with the Wastewater Treatment Plant Expansion and the Los Flores Ranch Property Development, both of which were proposed to be financed through one-time reserves. Staff proposes a decrease of \$2,052,740 in appropriations in the General Fund over previously adopted levels. This reduction reflects across-the-board cuts in each operating department and the elimination of nine vacant full-time, three vacant part-time, and six vacant limited service positions.

Additionally, with the voters of the State on May 19, 2009, overwhelmingly rejecting the slate of ballot propositions to stabilize the State's finances, the State will need to make significant cuts to programs and education in order to resolved its \$24.3 billion deficit. This will also, no doubt, lead to the State raiding cities' and counties' budgets in order to balance the State budget. It could mean up to eight percent of cities' and counties' property taxes or about \$2 billion statewide. Because of these financial uncertainties and the unknown impact the State budget will have on the City, the 2009-10 budget only addresses known revenue assumptions and does not reflect or take into consideration possible State impacts on City finances. Once the State Legislature and the Governor come to a consensus on a State budget package, staff will bring back for Council's consideration recommendations to address its financial impact to the City.

There are also two policy issues before the Council. The first is regarding the continuation of the \$30,000 allocation for Youth Services that the Council directed staff to allocate in 2008. At that time, staff was requested to seek matching funds from outside agencies. The City was able to obtain \$30,000 in additional funding from the Orfaea Foundation in 2008 but has been informed that its application for matching funds in 2009 was denied. Consequently, because of the current financial constraints facing the City and the limited opportunities to obtain matching funds for this type of program from private foundations, the Council is asked to determine if it wishes to continue to appropriate \$30,000 toward this program.

The second policy issue relates to the use of CDBG funds to finance the construction of a northwest fire station. With the Tow Service Agreement approved earlier in the meeting, the need for a Police Department impound yard has been eliminated, freeing up one-time capital funding of \$1.5 million. At the May 19, 2009, City Council meeting, Mayor Lavagnino proposed to reallocate the \$1.5 million in available funding, as well as the balance of the 2009-10 Community Development Block Grant (CDBG) capital development funds of \$364,511 toward the construction of a northwest fire station at Preisker Park. The Mayor also proposed to use additional CDBG funding the City anticipates receiving as part of the Federal stimulus package in the amount of \$341,281, and a reallocation of unused 2008-09 CDBG capital development funds in the amount of \$282,820. Financing available from these various funding sources totals over \$2.9 million. Additionally, staff will be submitting a grant application to the Federal Government seeking stimulus funding for this project.

Staff is also proposing a budget reduction for the Chamber of Commerce and the Historical Museum due to a decrease in Transient Occupancy Tax revenue for the period January 1, 2008, to December 31, 2008, and in keeping with the City's across-the-board five percent budget reduction initiative. Since the Museum of Flight's funding level is tied to the Historical Society funding based on previous Council direction, the allocation for the Museum of Flight is also being decreased.

Mayor Lavagnino asked how much money the City had in LEAF reserves.

City Manager Ness explained there was currently about \$11.7 million in the LEAF reserve. The Council made a decision several months ago to take about \$2.2 million in reserves to purchase a future Police Department building. In addition to that, the \$2.5 million in one-time reserves to balance the 2009-10 budget, would reduce reserves down to about \$6.9 million. That would be about a 13 percent reserve. However, the State still might impact the City budget.

Councilmember Orach asked if City Manager Ness anticipated continuing with two-year budgets or would look at single-year budgets until the economy improved.

City Manager Ness stated it was hard to answer at this time. Staff would like to use the 2009-10 budget year as a determining factor.

Councilmember Cordero asked if it was true that no Santa Maria City employees would be losing their jobs.

City Manager Ness stated that was correct. No employees were being laid off. The nine full-time positions that were proposed to be eliminated were all unfilled or vacant positions.

Councilmember Orach commended City Manager Ness for recommending the City Council set up a reserve fund back in the 1990s.

Alesia Yglesias stated she was on the Block Grants Advisory Committee, and she would very much like to see the youth program continue with the \$30,000. She did not want to see the Fire Department or Police Department take a pay cut because crime was increasing in the City and wildfires were also on the rise.

Mary Jacka talked about the importance of the new fire station on the northwest portion of the City. With all the new houses that had been built in that area, there was really a need for a fire station.

Bob Hatch, Chamber of Commerce, recommended that people think about buying their goods and taxable services in Santa Maria to generate sales tax. There were circumstances in the City that were beyond the City's control such as some of the big box stores closing. He commended City Manager Ness for continuing to hold the line on staffing levels which continued to pay benefits.

Policy Issues

\$30,000 for Youth Services

Councilmember Zacarías stated she had a commitment from the Santa Barbara Foundation to work with the City and other Foundations to match these funds. That would continue to show this was a priority for the City. She asked to continue the allocation of \$30,000 in the hope that matching funds could be obtained.

Councilmember Orach asked if there was going to be a time limit on obtaining the matching funds and if the \$30,000 would go back into the General Fund if matching funds were not found.

City Manager Ness stated last year by the time staff was able to secure the matching funds and bring back an item to the City Council, the contract period was December 1, 2008, through November 30, 2009. The non-profit would be providing services through November 30, 2009. He suggested the \$30,000 be retained in the General Fund until October 15, 2009, to try to obtain matching funds.

Councilmember Patino said she also wanted to continue the program. She had also spoken to several organizations that might be able to help with funding.

On motion by Councilmember Zacarías, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Cordero, Orach, Patino, Zacarías, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

the \$30,000 would be contained within the General Fund and would be spent for youth services contingent upon securing a match by October 15, 2009.

Northwest Fire Station

Councilmember Patino asked what would happen to the \$1.5 million if it was not used for the fire station.

City Manager Ness stated it would be contained in the General Fund and could be used to off-set the financial deficit. He said the City might be criticized by the community and City employee groups for using the money for a capital project while asking employees for concessions. It was the only capital project being proposed for 2009-10 as a new project. Staff was trying to obtain other financing sources on a matching basis. It would be about a \$3 million project with only about \$1.5 in General Fund financing being used.

Councilmember Patino stated she was weighing the need for a new fire station against the needs of people in the community who were really hurting. She asked if it could be postponed for one year.

City Manager Ness stated that if the Fire Station project were postponed for a year, the City would lose the Stimulus money for the project.

Councilmember Orach stated the current Fire Station No. 3 was totally inadequate, and that was not going to change.

On motion by Councilmember Zacarías, seconded by Councilmember Cordero, and carried on the following vote:

AYES: Councilmembers Cordero, Orach, Patino, Zacarías, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

the Council agreed to allocate the \$1.5 million toward the construction of a new northwest fire station at Preisker Park.

Councilmember Patino stated employees at the bottom of the pay scale had less disposable income than those at the top and asked if there was some type of formula

that could be used for employee concessions so the lower paid employees were not hurt as much.

City Manager Ness explained that it would be difficult to do from a payroll point of view. A five percent cut or a five percent increase was more for people on the upper end of the pay scale than those at the lower end.

Funding to Outside Agencies

Councilmember Zacarías stated she brought this issue up over the last several years, specifically the amount of General Fund dollars given to the Historical Society and the Museum of Flight. There was almost \$50,000 allocated for these two organizations every year since 1992. She would like the Council to consider the fact that there were other museums in the City. They did not have the same opportunity for funding. The Santa Maria Museum of Flight budget showed an \$8,000 profit. She felt that \$8,000 needed to be returned to the City. She asked the Council to consider reducing the amount of funds to the Museum of Flight to \$5,000 and the Historical Society to \$15,000 this year. That reduction would almost cover the \$30,000 for youth services. She believed the City should not be contributing to the fund balance of any non-profit organization with public funds and should not be supporting an organization unfairly without any competitive process.

Mike Geddry, President of the Santa Maria Museum of Flight, stated the profit that showed in the budget was used for new youth programs. He said when he started working with the Museum of Flight in 2004, he was told that the other museums in town were getting part of the bed tax and the Museum of Flight was not. He agreed that it would be unfair for the Museum of Flight and the Historical Society to get a piece of the pie and not have it spread equally across the board. They have been trying to reduce the money they get from the City by having special events such as the annual air show.

Mayor Lavagnino stated he did not think it was fair to reduce their allocation without any notice. He suggested they be informed that the City was considering a reduction in their allocations in next year's budget.

Councilmember Zacarías stated this was the third year she had brought this up. That was why she was requesting a small reduction at this time. At the very least the Museum of Flight should be reduced by the \$8,000 down to an allocation of \$15,000.

City Manager Ness stated the Museum of Flight was financed from the General Fund, not bed tax; however, the Historical Society funding was from bed tax and was specified in the Municipal Code. It would require an amendment to the Municipal Code to change that. There was \$47,920 available for the two organizations. Councilmember Zacarías suggested one option would be to fund both of them at \$15,000 each. That would leave a balance of about \$27,920 that could be available for other museums to apply for.

Councilmember Zacarías stated she would rather just reduce it to \$15,000 each, not spend the rest of that money, and have a dialogue about what to do with the rest of the money at a later time.

Councilmember Cordero stated he would support Councilmember Zacarías's recommendation and asked if the Historical Society allocation could be reduced since the formula was codified in the Municipal Code.

City Manager Ness stated the operating agreement with the Museum of Flight could go forward as early as the next meeting. The Historical Society would take longer because the Council would have to change the Municipal Code.

On motion by Councilmember Zacarías, seconded by Councilmember Cordero, and carried on the following vote:

AYES: Councilmembers Cordero, Orach, Patino, Zacarías, and Mayor Lavagnino
 NOES: None
 ABSENT: None
 ABSTAIN: None

the allocation to the Historical Society and the Museum of Flight was reduced to \$15,000 each, and staff was directed to come back with the necessary ordinance to amend the Municipal Code regarding the Historical Society.

Resolution No. 2009-91 amending the 2009-10 budget was adopted on motion by Councilmember Orach, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Cordero, Orach, Patino, Zacarías, and Mayor Lavagnino
 NOES: None
 ABSENT: None
 ABSTAIN: None

Resolution No. 2009-91 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AMENDING THE BUDGET FOR FISCAL YEAR 2009-10 AND DELEGATING THE CITY MANAGER TO IMPLEMENT SAME.

City Manager Ness thanked the Council for its serious consideration and support of the budget.

CITY MANAGER'S REPORT

City Manager Ness reported on items anticipated for the July 7, 2009, City Council meeting including setting the annual appropriation limits and the annual operating agreements with the Chamber of Commerce and Museum of Flight. The Museum of Flight agreement would specify the \$15,000 allocation, and the agreement for the Santa Maria Valley Historical Society would be delayed until an ordinance could be adopted.

ORAL REPORTS BY COUNCILMEMBERS

Councilmember Cordero reported on June 4th he assisted with the Children's Mini Rodeo at the Elks Event Center and attended the reception for the new Community Development Director, attended the rodeo event at Joni Gray's on June 5th, road in the Rodeo Parade on June 6th, attended the Mayor's Ball in Buellton on June 13th, the Teen Leadership Graduation on June 15th, and the Community Impact Awards at the Clark Center on June 16th.

Councilmember Patino reported she attended the reception for Community Development Appel on June 4th, road in the Parade on June 6th, attended the Elks Dinner and both days of the Rodeo, the Teen Leadership Graduation on June 15th, and the Community Impact Awards on June 16th.

Mayor Lavagnino reported he also attended the reception for Community Development Director Appel, met with Joni Gray and Tom Sweet of CSAC on June 9th, attended the San Luis Obispo Council of Governments meeting on June 10th regarding the Santa Maria River Bridge, spoke at the Board of Realtors meeting on June 11th, made a video with Dave Mullinax from the League of California Cities on June 11th, co-hosted a KSMA Radio show on June 12th, attended the Mayor's Ball on June 13th, participated in lobbyist interviews in Santa Barbara on June 15th, co-hosted the KUHL Radio Show on June 16th, and participated in a conference call with Congresswoman Lois Capps regarding the FEMA Flood Maps on June 16th.

Councilmember Zacarías reported she participated in a KUHL radio show, attended the Community Action Commission Board Meeting, attended a meeting of the Board of Doorway to Health, the Elks Parade, the Galagetza at the Fairpark, presented the proclamation for Special Olympics Torch Run, gave the commencement address for the Adult Education Graduation at Polk Auditorium, and attended an Energy Conservation Workshop in San Luis Obispo.

Councilmember Orach reported he attended most of the same events and played in the Police Council's Golf Tournament on June 8th.

CLOSED SESSION

Council adjourned to a Closed Session at 9:00 p.m. to discuss:

CONFERENCE WITH LEGAL COUNSEL - regarding EXISTING LITIGATION pursuant to Subsection (a) of Government Code Section 54956.9 CORY JAMES BENTON v. CITY OF SANTA MARIA, ET AL., Case No. 126942 and ORCUTT CITIZENS FOR BETTER ENVIRONMENT v. CITY OF SANTA MARIA, Case No. 1314150.

Following the Closed Session, the following report was given:

Conference with Legal Counsel – Existing Litigation: Cory James Benton – Direction to staff was given.

Conference with Legal Counsel – Existing Litigation: Orcutt Citizens for Better Environment – Direction to staff was given.

ADJOURNMENT

There being no further business to come before the City Council at this time, the meeting was declared adjourned by Mayor Lavagnino at 9:42 p.m.