

The City Council met in adjourned session at the hour of 8:30 a.m. in the Council Chamber, City Hall, on the day above written, for continued consideration of the FY 2009 City of Fresno Budget.

Present were Councilmembers Calhoun, Caprioglio, Dages, Duncan, Perea, Sterling, President Xiong, City Manager Souza, ACM Rudd, City Attorney Sanchez, City Clerk Klisch, Assistant City Clerk Salazar, Budget Manager Smith, and necessary staff.

(8:30 A.M.) CONTINUED CONSIDERATION OF THE FY 2009 BUDGET

MOTION #13 - Reallocate \$800,000 identified to fund the emergency reserve into a general contingency fund, as amended, to place \$500,000 into contingency and leave the balance in the emergency reserve

Councilmember Calhoun requested Council's support to place the funds into general contingency so they could be withdrawn more easily with four votes for any challenging issues that may arise such as fuel costs, take-over of county services, open contract negotiations, and advised he wanted to compromise and amended his motion to place \$500,000 into contingency and leave the balance in the emergency reserve.

City Manager Souza noted eight years ago there was no reserve and this administration took a different approach, stated \$800,000 was placed in the emergency reserve as a continuation of the fiscal discipline that has been in place and it sent a strong message that the city had the fiscal discipline, even through challenging times, to put away money for what could be even harder times in the future, and stated the Mayor was very passionate about this issue and urged the motion be opposed.

Councilmember Duncan noted last year \$5 million was wisely set aside in contingency and these budget deliberations would have been significantly different had that not been done, stated the problem is next year will be worst than this year and he supported placing the full \$800,000 into contingency as every penny was going to be needed next year, and stated general fund projections were just guesses and he did not feel this was the year to build an emergency reserve.

On motion of Councilmember Calhoun, seconded by Councilmember Dages, duly carried, RESOLVED, Motion #14 hereby adopted, as amended, to place \$500,000 in contingency and leave \$300,000 in the emergency reserve, by the following vote:

Ayes : Calhoun, Caprioglio Dages, Duncan, Xiong
Noes : Perea, Sterling
Absent : None

MOTION #14 - Move the Southeast Police Substation from Belmont/DeWitt to Fancher Creek (General Fund impact \$733,000)

Councilmember Dages stated the location for the substation should be Fancher Creek (FC) at Tulare and Argyle (T/A); spoke to the background of the substation including how it started at Kings Canyon and Backer, how Chief Dyer later stated he preferred FC, and how he learned two Saturdays ago that the location was being changed to Belmont and DeWitt (B/DW) which he added would uproot a southeast Asian garden that supplies vegetables to 300 families; spoke to the FC Town Center project and how it will be so important to the city; referenced a June 16th memo Council received from the police department on their review of the T/A location and advised of, and spoke to, the 12 reasons why the department preferred B/DW and not FC and added each of those issues would be taken care of when FC is built, displaying maps throughout to illustrate; advised the B/DW property be would purchased with police impact fees from the PARCS department and then the facility would be built with bond money which would put the city further in debt; stated the 4.8 acre FC site would be purchased by the developer, all factors in the June 16th memo would be taken care of without exception, the substation would be built with developer money in the way of police impact fees that the developer will be paying with the project, no general fund money would be used and no bonding would occur, and the city would own the property at the end of 30 years free and clear; spoke to the unanimously-approved Council resolution supporting the application by FC for state grant funds and the unprecedented \$21 million state grant FC just received and questioned if it was fair to express support and then pull the support after the grant was made and tell the State one of the conditions no longer applied; and requested Council's support for the FC location.

Councilmember Duncan stated he agreed with Councilmember Dages' explanation and added he also believed the location was moved at the last minute to capture the \$700,000 in developer impact fees and move them to the general fund so the funds could be used in any manner desired and stated he had a real problem with that, and added if this motion is approved there will be a \$700,000 hole in the general fund and staff will have to find a way to make it up because what they did was wrong and not the way to do city business.

Councilmember Caprioglio and Acting President Sterling presented questions and/or comments at length relative to whether it was still the police department's opinion that B/DW was best location, if B/DW was best because it would provide a central location for staff, equipment and public safety, what the cost would be to change the location to FC, if impact fees will be used to build the facility, if impact fees could be used for leasing, if the city manager and mayor supported the B/DW location, **(2 - 0)** if the Kings Canyon/Backer property had been purchased, if staff was aware of the grant application before seeking the B/DW location, if the \$21 million grant would provide for affordable housing, if the grant would be in jeopardy if the substation is not constructed at FC, the grant scoring criteria, if the State was aware the City and FC were at this crossroad, what FC's estimated time line was to build the substation, if an EIR was being conducted, why information on contamination was not provided to Chief Dyer, if the developer responded to the memo on T/A's disadvantages, what other contributions the developer would make if the FC site is approved, if the developer was willing to incur any additional expenses that may arise in developing infrastructure, if the grant funds would be impacted if B/DW is approved, if Chief Dyer was aware of the grant award, why staff felt the wastewater treatment issues would be a hindrance, if a one or two story facility was preferred, the B/DW site's "park" designation, how PARCS got involved in facilitating the site, the Asian garden and what the plan was for the 1 acre currently being farmed, and if discussions have occurred with the California Rural Legal Assistance group, with Chief Dyer, City Manager Souza, Mayor Chief of Staff White, ACM Rudd, FC representative Mike Sigala, FC developer Tom Richards and PARCS Director Cooper responding and clarifying issues throughout. Acting President Sterling stated she thought the location was going to be FC, she just learned of the location change and the garden issue two weeks ago, she just now learned of the \$21 million grant and the possibility of more money coming in for housing, and stated FC was a huge project, there were too many unanswered questions, lack of information, and too much at stake, and stated she would not be able to make a decision this date and recommended action be delayed 30 days so a meeting could be held in the interim with all involved parties at the table.

Upon question of Councilmember Dages Mr. Souza confirmed the B/DW property could be sold whereupon Councilmember Dages stated no matter who purchases the property the money would still end up in the general fund; and reiterated and emphasized there was a developer here willing to purchase the land, built the substation, and lease it to the City for \$1 a year, added a \$21 million grant could be jeopardy, and the B/DW site would put the city in debt and further elaborated, and stated he did not see how this solid business deal could not be approved and urged Council's support for FC stating any bumps would be worked through.

Relative to the 1C process and Acting President Sterling's uncertainty Councilmember Duncan stated he would be very cautious about not voting "yes" on the motion as the legislature who makes up the northern and southern California block has, and was looking to take, more money from the valley to fund their projects. Upon his questions City Attorney Sanchez stated he believed the title of the B/DW property identified the City of Fresno as owner and the since the City owned the property there was no legal requirement for a cash transaction in order for the substation to be built on the property. Mr. Richards responded to questions of Mr. Souza relative to the "basic business deal", whether the City would get a substation for only \$30, if the developer would pay all impact fees for public safety to the city and then lease it back, if this was not a \$30 transaction, if the developer would pay whatever the difference was between the impact fee and the cost of the facility, and if the impact fees were known. Ms. White spoke further to the 1C application scoring criteria process and advised no public safety facility was mentioned in the scoring criteria and further explained, **(3 - 0)**, and clarified issues relative to the resolution of support and stated the Mayor was happy to provide a letter of support as he does support FC as a project. Chief Dyer, Mr. Souza and Mr. Rudd responded to questions of President Xiong and/or clarified issues relative to whether the original preferred site was Clovis and Tulare, why the location was changed to T/A, if any new information this date has caused staff to waiver in their location position, if Council could receive any additional information, and if the meeting with the Asian community went satisfactorily and if the parties agreed to resolutions presented by the city. President Xiong stated he did not feel a delay would make any difference or any new information would come forth.

A motion of Councilmember Dages, seconded by Councilmember Duncan, to approve Motion #14 failed, by the following vote:

- Ayes : Dages, Duncan, Perea
- Noes : Calhoun, Caprioglio, Xiong
- Absent : None
- Abstain : Sterling

MOTION #15 - NO SECOND

MOTION #16 - Defund the Solar Rebate Program (\$200,000)

Upon question of Councilmember Duncan, Planning & Development Director Yovino advised staff did provide Council with a map showing locations of the rebates but could not disclose the names, displayed the map on the overhead, and spoke to the program's operation, the 29 rebates, the disproportionate spread of the use of the program in the northern area of the city, and the need to make adjustments to the criteria. Councilmember Duncan stated his concern was the program being used by the more affluent areas and the map clearly demonstrated that and stated there was no evidence the city's \$2,000 rebate made residents do this, they would be doing this anyway, and he felt this was just a gift of city funds and added the program was not working.

Councilmember Perea spoke in support of the program stating he would call the money a gift to the environment and to future generations as the goal was to be innovative and encourage people to go green, stated there were long-term pay offs and benefits and added most of the homes that took advantage of the program were large homes that were using more energy and this program helped them to reduce, and questioned what could be done to make this program stronger, with City Manager Souza responding. Councilmember Calhoun stated he was aware of a couple of homes that were going to purchase a solar system anyway and the city subsidized them, and stated a low-interest loan would be reasonable and explained, he would not support any more rebates, and he was embarrassed that the city gave those homeowners free money. Acting President Sterling noted the map showed not one home west of Freeway 99, or in her district, took advantage of the program and stated she would support the motion and requested staff go back and relook at the program and ways to implement areas west of 99.

Mr. Souza recommended the program stay funded with no grants being issued until staff returns with a revised process, criteria and implementation guidelines and brief discussion ensued.

On motion of Councilmember Duncan, seconded by Councilmember Calhoun, duly carried, RESOLVED, Motion #16 hereby approved, by the following vote:

Ayes	:	Calhoun, Caprioglio, Dages, Duncan, Sterling, Xiong
Noes	:	Perea
Absent	:	None

MOTION #17 - Reallocate \$400,000 of General Fund and \$3.5 million of Section 108 Loan proposed for Sports Town to contingency

Councilmember Calhoun stated the city might not be ready for Phase II of this project and needed to see if Phase I was viable, and clarified he wanted to park these dollars and let the future Council decide if they wanted to move forward on Phase II or use the money for something else and expanded further.

City Manager Souza spoke in opposition to the motion and clarified \$400,000 was for the continuation of Kern Street from Van Ness to the Fulton Mall and the \$3.5 appropriation had been in place and was for future building acquisition.

Councilmember Perea urged a "no" vote stating it was very frustrating to not finish what is started and added developers have stated they prefer that the city spend money on infrastructure beneath and above ground, and stated he would have preferred that the project started in the Cultural Arts District where housing exists but felt this investment should continue to encourage future development. Councilmember Dages stated he seconded the motion as this would put the city in debt another \$3.5 million and explained. Mr. Souza and Councilmember Duncan responded to questions of President Xiong relative to the two funding components and designated uses, if the funds could be used for other higher priorities, if the funds in contingency could be earmarked for Kern Street, and if the motion-maker would amend the motion to earmark the \$400,000 for Kern Street, with Councilmember Calhoun stating although that might be a wonderful use he felt that issue needed to be debated and would not amend his motion **(4 - 0)**.

On motion of Councilmember Calhoun, seconded by Councilmember Dages, duly carried, RESOLVED, Motion #17 hereby approved, by the following vote:

Ayes	:	Calhoun, Caprioglio, Dages, Duncan, Sterling
Noes	:	Perea, Xiong
Absent	:	None

MOTION #18 - Defund the Film Commissioner position (\$149,100) - *WITHDRAWN*

Councilmember Duncan stated he made the motion due to his concern with duplication of services and added he had not seen any action plan, business plan or work plan from the film commissioner, and stated he appreciated the public's comments and those who have a relationship with the film commissioner and upon his question Film Commissioner Arthur stated he would provide a specific work plan in terms of intended accomplishments, whereupon Councilmember Duncan withdrew his motion.

MOTION #19 - Fund the Central Valley Business Incubator (CVBI) at \$40,000 for one year (*Failed*)

Councilmember Calhoun spoke in support of funding the CVBI stating it was a small investment and people would receive a great benefit and further elaborated, and clarified this was for one year and the CVBI would be watched closely.

CVBI Director Scharton responded to questions of Councilmember Perea relative to whether the \$40,000 would allow for expansion of services or be used for current operations, if these funds were in addition to last year's budget, if the money could go to expanded services instead of maintaining the status quo, desire to have the money go to entrepreneurs who will hire people in the city and not to operations, how long people stay in the program before transitioning out into the real business world, and need to talk about how this money will be spent if approved. Acting President Sterling questioned why the business moved north (with Councilmember Duncan as past Agency Chair responding), and stated an incubator should set a good example on how a business is supposed to conduct itself citing emails from CVBI that the City of Fresno was not participating with the CVBI and everyone else was. Councilmember Duncan stated Councilmembers Perea and Sterling's comments/questions were exactly why this motion should not be approved and stated the Hispanic Chamber, the EDC, and other organizations followed the process and provided business plans when the CVBI did not, stated cutting deals at the dais on how to spend the money was not acceptable, added the CVBI was a great organization but funding should not be given to an organization because it is great, and requested Council support the process and oppose the motion and added this was the second year this has happened.

City Manager Souza stated there were specific reasons why this organization was not recommended for funding, requested they not be funded, and recommended, if Council wanted to fund them, that the motion be amended to place the funds in contingency and require the CVBI to provide a business plan. Acting President Sterling also requested the CVBI not use the money for operations, stated the funding amount was fair, and upon her question Councilmember Calhoun stated Mr. Scharton advised he would provide any details requested, clarified there was mis-communication and the CVBI learned their lesson, stated if the money is placed in contingency the city was saying it did not trust Mr. Scharton or the CVBI Board and added they wanted to do the right thing and had proven themselves, and stated he would not amend his motion and requested a vote up or down. President Xiong stated the issue was about process and not trust and added the CVBI should have had a plan as that was asked of everyone.

A motion of Councilmember Calhoun, seconded by Acting President Sterling, to approve Motion #19 failed, by the following vote:

Ayes	:	Calhoun, Perea, Sterling
Noes	:	Caprioglio, Dages, Duncan, Xiong
Absent	:	None

MOTION #20 - Increase the Convention & Visitor's Bureau (CVB) marketing budget by \$240,000 for total marketing budget of \$500,00, *as amended, to increase by marketing budget by \$100,000*

Councilmember Dages stated the CVB has always been under-funded, especially in their marketing of Fresno, and stated with the new leadership the CVB was doing very well and requested support. Councilmember Calhoun stated he agreed the budget needed to be increased but not by \$240,000 and upon his question Councilmember Dages stated an additional \$100,00 was better than nothing and he would amend his motion to increase the marketing budget by \$100,000. Councilmember Duncan spoke briefly in support.

City Manager Souza stated he would oppose the motion with mixed emotions, agreed Mr. Oaken and Ms. Whitehouse were doing an outstanding job and added the administration recognized that by increasing the budget by 30% and explained, spoke to the issue of room tax and advised staff was committed to the core principles of a 3-year agreement for a reliable funding source and would be recommending the city and the CVB share in room tax increase over what is in the base budget and further explained, and stated that would put funding on

a performance-basis and would add an additional amount of funding and recommended rather than increasing the budget by \$100,000

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that staff be allowed to return with that option as part of the CVB contract. President Xiong stated although he would be opposing the motion he supported the work of the CVB and spoke in support of performance-based funding and to the need to be cautious in these hard economic times.

On motion of Councilmember Dages, seconded by Councilmember Duncan, duly carried, RESOLVED, Motion #20 hereby approved, as amended, to increase the CVB marketing budget by \$100,000, by the following vote:

Ayes : Calhoun, Caprioglio, Dages, Duncan, Perea, Sterling
Noes : Xiong
Absent : None

DIRECTION #2 - DIRECT STAFF TO RESEARCH THE CVB BOARD STRUCTURE AS IT PERTAINS TO MEMBERSHIP AND REPORT BACK WITHIN 90 DAYS

Upon question City Attorney Sanchez stated this could go as direction with Council consensus and because it received a first and second it could also proceed as as a motion. City Manager Souza stated staff would take this as direction and would work with the CVB to come back with a solution.

MOTION #22- NO SECOND

MOTION #23 - Fund the Deputy Mayor position only through January 6, 2009

Councilmember Calhoun stated he originally supported the position but the problem he saw was the deputy mayor taking on a line of authority position over staff that he should not have had and which infringed on the city manager’s authority, stated the next mayor should make the case, justify the funds, and identify a funding source, and stated this was not personal but was about what was best for the city.

Acting President Sterling stated the position being gone would not be fair to the next mayor and presented questions and comments relative to the current number of staff excluding the deputy mayor, if staff saw the position as valuable, and need to leave the funding in place and let the new mayor decide on the position **(5 - 0)**, with Mayor Chief of Staff White responding.

City Manager Souza stated the deputy mayor was a staff position just like each council member’s second staff position, and stated “deputy mayor” was a working title and requested the funding be left in to allow the next mayor the opportunity to title and craft the position as he/she sees fit.

Councilmember Duncan stated when Mayor Autry came in he justified the position and the new mayor could do the same thing, and stated eliminating the funding will make it simpler for the next administration and requested the new mayor be allowed to design the system without complications.

A motion of Councilmember Calhoun, seconded by Councilmember Duncan, to approve Motion #23 failed, by the following vote:

Ayes : Calhoun, Dages, Duncan
Noes : Caprioglio, Perea, Sterling, Xiong
Absent : None

MOTION #24 - Establish a “City of Fresno Future Commission” to be coordinated through the Council Presidents office and provide \$25,000 in seed money

Councilmember Calhoun reviewed the issue including the suggested make up of the committee and their duties, and recommended the committee provide a preliminary report in December and a final report next spring which he stated would be beneficial to new the Council and administration in the long range budgeting process.

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A motion of Councilmember Calhoun, seconded by Acing President Sterling, to approve Motion #24 failed, by the following vote:

Ayes : Calhoun, Dages, Sterling
Noes : Caprioglio, Duncan, Perea, Xiong
Absent : None

MOTION #25 - Establish a Sustainability Coordinator/Director position for one year to work on solar and green initiatives for the city, with position's salary tied to savings

Councilmember Calhoun provided a handout and spoke to the duties of the position, and noted other cities have done this and spoke in support of having an individual spend time on a day to day basis dealing with issues related to the city with the salary tied to savings. Councilmember Perea spoke in support stating this was a recommendation of Fresno Green and stated he wanted to sit down and talk with staff on the direction of this staff person if approved. Mr. Souza responded to a question of President Xiong relative to status of the Green Czar.

On motion of Councilmember Calhoun, seconded by Councilmember Duncan, duly carried, RESOLVED, Motion #25 hereby approved, by the following vote:

Ayes : Calhoun, Caprioglio, Perea, Sterling, Xiong
Noes : Dages, Duncan
Absent : None

MOTION #26 - Defund the Education Liaison position effective January 7, 2009 and remove from the PAR

Councilmember Calhoun stated his motion as made stood. Acting President Sterling stated she had a concern at one time but has since found the position to be significant in helping to establish a better relationship with the FUSD, and requested the funding be left in to allow the next mayor the opportunity to decide on the position.

On motion of Councilmember Calhoun, seconded by Councilmember Duncan, duly carried, RESOLVED, Motion #26 hereby approved, by the following vote:

Ayes : Calhoun, Caprioglio, Dages, Duncan
Noes : Perea, Sterling, Xiong
Absent : None

MOTION #27 - Defund the Fresno West Coalition CDBG request for Leadership Training (\$49,900)

Councilmember Duncan clarified this was not a reflection on the FWC and stated he did not know what this training would accomplish and explained and added there were other priority needs. Acting President Sterling stated she was supportive of the FWC and their efforts.

On motion of Councilmember Duncan, seconded by Councilmember Calhoun, duly carried, RESOLVED, Motion #27 hereby approved, by the following vote:

Ayes : Calhoun, Caprioglio, Dages, Duncan
Noes : Perea, Sterling, Xiong
Absent : None

MOTION #28 - Move to clarify that Read Fresno as its own 501c(3) receive \$49,000 of CDBG funds and not One-by-One Leadership

Acting President Sterling stated this was to make a correction and advised ReadFresno was the actual entity with their own 501c(3) and the funds would not have to go through One by One as a pass-through as originally set up.

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On motion of Acting President Sterling, seconded by Councilmember Perea, duly carried, RESOLVED, Motion #28 hereby approved, by the following vote:

Ayes : Calhoun, Caprioglio, Dages, Duncan, Perea, Sterling, Xiong
Noes : None
Absent : None

MOTION #29 - Fund the Hinton Center lease for four (4) months and hold the balance in contingency until a fully functional community board is established as per the lease agreement, AS AMENDED, to fund the Hinton Center lease for four months and hold the balance in contingency until the Center provides evidence satisfactory to the City that demonstrates the existence of legal compliance with all corporate formalities including by-laws and federal and state requirements for non-profits

Acting President Sterling amended the motion as outlined above. Councilmember Calhoun stated it sounded like there was a problem and if there was it needed to be dealt with, and questioned if the Hinton Center was a bonafide service provided by the city of Fresno, with City Attorney Sanchez responding, expanding on the board and corporate formality issues occurring at the center, and advising of options. Councilmember Calhoun stated he did not want to provide funding until problems are solved. Acting President stated these problems had been escalating, one entity had established their home at the center and totally closed out other community members except those they chose to work with and expanded further, and requested Council give the center an opportunity to get their legal requirements together to move forward with an active center. Upon question Mr. Sanchez stated the center would have to comply within four months or the lease would be terminated.

Councilmember Calhoun stated the motion was not drastic enough and a lack of funding would capture their attention and made an amended motion to not provide funding until the Hinton Center complies with conditions. Upon call the motion died for lack of a second.

On motion of Acting President Sterling, seconded by Preside Xiong, duly carried, RESOLVED, Motion #29 approved as amended, by the following vote:

Ayes : Caprioglio, Dages, Duncan, Perea, Sterling, Xiong
Noes : Calhoun
Absent : None

MOTION #30 - Fund the Fresno Center for New Americans at \$49,500

Councilmember Duncan advised the organization's application was the highest ranking organization that did not receive funding and stated their work was valuable and requested support. Councilmember Calhoun questioned how far Council should go down the list stating there were other fine organizations, with Councilmember Duncan responding and clarifying issues. Upon question City Attorney Sanchez clarified there was no conflict with President Xiong who used to work for the Center.

On motion of Councilmember Duncan, seconded by Councilmember Caprioglio, duly carried, RESOLVED, Motion #30 hereby approved, by the following vote:

Ayes : Caprioglio, Duncan, Perea, Sterling
Noes : Calhoun, Dages
Absent : None
Abstain : Xiong

MOTION #31 - Reduce the Sports Council funding by \$100,000

Acting President Sterling stated this motion was connected to the following motion and she felt the Mayor's Job Initiative was a better of these funds.

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City Manager Souza spoke in opposition to the motion stating the Sports Council (SP) was unique and explained, and added the SC was a true economic development tool and these funds would draw revenue back into the community. Councilmember Dages also spoke in opposition to the motion and in strong support of the Sports Council and all it does, with Councilmember Calhoun concurring. Acting President Sterling stated this was no reflection on the Sports Council and concurred they were doing a fantastic job but stated this was what the CVB was supposed to be doing

A motion of Acting President Sterling, seconded by President Xiong, to approve Motion #31 failed, by the following vote:

Ayes : Sterling
Noes : Calhoun, Caprioglio, Dages, Duncan, Perea, Xiong
Absent : None

MOTION #32 - Add \$100,000 to the Mayor's Job Initiative (MJI)

Acting President Sterling requested support stating the MJI was a great service to the community, additional job fairs could be conducted more often with additional funds, and this was a major arm to the RFI.

A motion of Acting President Sterling, seconded by Councilmember Perea, to approve Motion #32 failed, by the following vote:

Ayes : Perea, Sterling
Noes : Calhoun, Caprioglio, Dages, Duncan, Xiong
Absent : None

Budget proceedings were adjourned to Tuesday, June 24, 2008, at 2:00 p.m.

ADJOURNMENT

There being no further business to be before the City Council, the hour of 12:30 p.m. having arrived and hearing no objection, President Xiong declared the meeting adjourned.

Approved on the ____24th____ day of _____ June _____, 2008.

_____/s/_____/ ATTEST: _____/s/_____

Blong Xiong, Council President

Yolanda Salazar, Assistant City Clerk

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