



**MINUTES**  
**SPECIAL MEETING OF**  
**CITY COUNCIL/SAN DIMAS**  
**REDEVELOPMENT AGENCY**  
**TUESDAY, SEPTEMBER 22, 2009, 5:00 P. M.**  
**CITY COUNCIL CONFERENCE ROOM**  
**245 E. BONITA AVE.**

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**PRESENT:**

Mayor Curtis W. Morris  
Mayor Pro Tem Denis Bertone  
Councilmember Emmett Badar  
Councilmember John Ebner  
Councilmember Jeff Templeman

City Manager Blaine Michaelis  
City Attorney J. Kenneth Brown  
City Clerk Ina Rios  
Assistant City Manager of Community Development Larry Stevens  
Assistant City Manager Ken Duran  
Director of Development Services Dan Coleman  
Director of Public Works Krishna Patel  
Director of Parks and Recreation Theresa Bruns

**1. CALL TO ORDER**

Mayor Morris called the meeting to order at 5:14 p.m.

**2. ORAL COMMUNICATIONS**

(For anyone wishing to address the City Council on an item on this agenda. Under the provisions of the Brown Act, the legislative body is prohibited from taking or engaging in discussion on any item not appearing on the posted agenda. Speakers are limited to three minutes or as may be determined by the Chair.)

- a. Members of the Audience

There were no comments.

**3. STUDY SESSION**

City Manager Michaelis said the two items would be discussed out of order - first, direction is requested on the Civic Center Plaza/Plummer Building renovation and expansion plan.

- b. Civic Center Plaza and Plummer Building renovation and expansion plan - provide direction regarding relocating the entire city hall function to an off site location to save time and project costs

City Manager Michaelis said the originally planned project was to be built in two phases within approximately 17-18 months. An alternative was to move out of city hall so the contractor could construct everything at once which would save about \$600,000 in project costs. He said \$250,000 has been set aside and there are two options available - locate a building in town or rent trailers and park them on city owned property adjacent to Pioneer Park for approximately 12 months.

It was the consensus of the City Council to approve the alternative to move out of city hall for approximately 12 months. Councilmember Templeman recommended proper signage and notification.

Mr. Michaelis said he would contact the Architect to locate a suitable site.

In response to Councilmember Templeman, Mr. Michaelis said before he speaks to employees he is waiting for the guaranteed maximum price which is coming forward in November.

- a. Financial Update of the City's fiscal yearend closing.

City Manager Michaels said staff will report on four financial objectives for the City - 1) the 2008-09 fiscal year-end closing; 2) Impacts of the State Budget; 3) Strategies in the event the City experiences a decline in projected revenue and 4) the financial condition of the Redevelopment Agency.

### **2008-09 FISCAL YEAR-END CLOSING**

Assistant City Manager Duran distributed a detailed report on the 2008-09 Fiscal Year End and the Impacts of the State Budget on the City's Budget. He said the auditors completed their audit and did not find any significant deficiencies. He summarized the City's financial condition and provided year-end balance and year-end summary of significant revenue and expenditure categories and said the City's general fund cash reserves at year-end, including repayment of loans to the Redevelopment Agency and interest from the Golf Course, total \$33.6 million.

In response to Council, Mr. Duran stated that \$16.9 million is the ending fund balance in the General Fund, but does not include debt owed. City Manager Michaelis added that the additional year-end fund balance is \$666,474. He said revenues were higher and expenditures were lower than expected.

In response to Mayor Morris, Mr. Duran said the City invests in Local Agency Investment Fund (LAIF). Mayor Morris suggested contacting the Joint Powers Insurance Authority Finance Managers.

Mr. Duran said the acquisition of the Vista Verde property for over \$1 million was the only unbudgeted expense and most general fund expenditures came in close to or under budget.

### **STATE BUDGET IMPACTS**

Assistant Manager Duran explained the impacts of the State budget on the City's budget and reported on the present course of action to protect our local revenues and continue city services. He outlined the impacts to the City that include Prop 1A property tax loan to the State in the amount of \$670,000; payable in two installments. He said the State must repay the loan with interest, the rate to be determined. Staff's recommendation is to proceed with the loan to the State.

In response to Council, Mr. Duran said until funds are repaid, the State cannot borrow property tax revenue in the future for three years.

Mr. Duran reported that in order to offset the State's obligation for local education, the State is taking Redevelopment Agency tax in the amount of \$2,083,560 in May 2010 and \$428,968 in May, 2011. He said last year, the State attempted a similar raid on Redevelopment Agency funds, however, Agencies were successful in their suit against the State. The Agencies are preparing a similar lawsuit challenging the take. He said the Redevelopment Agency does not have funds available and would have to borrow from the general fund or may be able to borrow from housing set-aside, which would have to be repaid within three years or the 20% low-moderate requirement increases to 25% for the life of the project areas.

Mr. Duran said there was a lot of discussion at the State level concerning the taking of this year's allocation of State Gas Tax (HUTA) however, when their budget was adopted, the Gas Tax was not included. Nevertheless, payment of the Gas Tax was deferred until January 2010. He said Gas Tax

revenue is approximately \$671,000 and staff is concerned that this revenue may be vulnerable when the State revisits the budget mid-year. Staff stated that some projects have been identified and recommended deferral of gas tax funded projects until after January 2010.

## **STRATEGIES**

Mr. Duran outlined strategies to address future revenue loss due to the continued economic condition and identified \$255,000 in savings that do not impact services or programs. He reiterated that some projects and gas tax projects have been deferred until the first of the year.

Councilmember Templeman expressed concern with deferring hazardous sidewalk repairs. Mr. Duran replied that only one-half of the budgeted funds were deferred.

Mayor Morris felt the city-wide pavement maintenance should be completed with reserve funds.

## **REDEVELOPMENT AGENCY FINANCIAL CONDITION**

Mr. Duran provided an overall financial summary of the Redevelopment Agency and said the City's annual tax increment is projected at \$5.3 million, which is used to pay off the Agency's debt and project undertakes. He stated that last year, the tax increment was reduced by \$1.3 million to retroactively pay other taxing agencies.

City Manager Michaelis reviewed a detailed chart of Redevelopment Agency total revenue and debt obligations. He mentioned that a lawsuit is pending against the County for charging fees to administer property tax revenue. The fees for San Dimas are \$250,000. He stated that the Cities did not prevail in the first round of the lawsuit, which is being appealed.

Mr. Michaelis responded to Council's questions regarding the Agency's debt capacity and said the State's issues do not impact the City's reserves.

Mr. Michaelis mentioned that Council will have a decision to make at their October 13 meeting to authorize Griffin Structures Inc. to prepare the bid process on the guaranteed maximum price for the renovation of city hall, civic center, and community building. He said the bids will go out in November and be opened in January, at which time the Council will have the opportunity to decide whether or not to accept the bids to proceed with the project.

## **4. ADJOURNMENT**

There being no further business, Mayor Morris adjourned the meeting at 6:52 p.m. The next City Council meeting is Tuesday, September 22, 2009, 7:00 p.m.

Respectfully submitted,

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Ina Rios, CMC, City Clerk