

City Manager's Report for March 2019

The City now has an economic uncertainty reserve of \$525,000.

Staff developed a payment schedule for the FORA loan based on Council's decision to pay \$211,000 on the loan should it be renegotiated. Councilmember Gaglioti has approached the Chair of the FORA Finance Committee concerning renegotiation of the loan terms and establishment of a payment schedule. The Finance Committee Chair is supportive. Staff prepared a letter to FORA proposing a payment schedule including the Council approved \$211,000 and reduced interest rate for the FORA loan. Staff will submit to FORA and update Council in April on the status of the negotiation.

Staff signed the implementation agreement and made initial investment decisions for the City's Section 115 Trust to begin saving against future PERS and healthcare costs, which will further stabilize the City's finances. Staff will provide the investment decisions to the budget committee for review when it meets to discuss the budget to insure our investment horizon and risk tolerance are appropriate. Staff will recommend initial investments into the trust in the future.

Staff met to start initial work on our first two-year budget. Our initial planning guidance included:

1. Any payroll increase should be funded from "core budget" rather than from cannabis tax (Budget Committee guidance)
2. Build in an economic downturn into the second year based on the last downturn (Budget Committee guidance)
3. Plan for 2% increase in payroll for each year (CM guidance)

Our budget development timeline is:

March 27: Staff will prepare an initial draft budget for review by CM.

April 10: Staff sends draft budget to Budget Committee.

April 17 (pending availability of budget committee members): Budget Committee meets to review draft budget with staff.

May 28: Draft Budget presented to City Council and public.

June 25: Budget adoption by City Council.

The development of a two-year budget is another first for our City Staff. It should provide the Council and staff with a better means to manage the City's finances and do longer range planning.

Staff, Denise Duffy and Mayor Kerr participated in a teleconference with the Department of Housing and Community Development in Sacramento concerning the City's out of date Housing Element. Denise reviewed the City's efforts to date. The HCD representative emphasized the need to complete the update by December 31, 2019 in order to not fall further behind State mandated requirements. Denise began compiling material and data we already have in preparation of a Housing Element update and is determining a scope and cost of a Housing Element update to present to staff in the coming weeks.

Staff finalized the City's Annual Progress Report (APR) on the City's Housing Element for submission to the Department of Housing and Community Development in Sacramento by the April 1 deadline. Denise continues to develop the way forward for updating our Housing Element.

Staff opened bids for the City of Del Rey Oaks 2018/2019 Street Rehabilitation Project on February 28, 2019. The low bid will allow the project to be completed for \$742,083. When added to the cost of our

recently completed overlay of Carlton, which was \$128,000, the total cost is \$870,083. Council budgeted \$1.2 million for a street reconstruction project in the 2018-2019 budget. It appears that we will complete this year's CIP for approximately \$330,000 less than budgeted in the annual budget. We look forward to bringing this action before you on March 26th. Pending Council approval, staff expects construction to begin in late April or early May of 2019.

Our Public Works employee Ron Fucci oversaw Monterey Peninsula Engineering's repair of the sink hole behind Safeway. Repairs to the street and drain are complete. Staff will install new fencing in the near future.

Our one Public Works employee continues to work at an amazing pace! The conex is cleared out and now filled with public works equipment that had been in the public works building. Ron made a repair to an asphalt lift near Old Town Hall. Crews cut the grass on Via Verde to begin fuel reduction ahead of fire season. Ron supervised the completion of the storm drain and paving work behind Safeway.

Our Public Works employee and Police Department continued to deal with a homeless encampment on our former Fort Ord property. In this case there was an individual armed with a home-made, but still deadly, spear who did not respond when asked to come out of the tent he was in. Officer Lawson handled the situation calmly and professionally. Our staff continue to be exposed to hazard in these encounters, whether from dog bite, unsanitary materials they must remove, armed individuals and drug paraphernalia.

Public Works moved desks and assembled tables to allow two employees (Public Works and a future part time administrative employee) to use what used to be the Mayor's office. The City Manager's office is now dual purposed as office and small conference room. We are making the most of the space available.

Staff signed the contract with L&S for engineering survey services and directed them to start work. Priority of work for the surveyor is to survey the City boundary with Monterey where trees fell during the recent storms to determine tree ownership, then survey of the Public Works yard and RV storage area to facilitate the lease under negotiations, then the survey of the Del Rey Garden Center.

FORA Admin Committee held a workshop to discuss the transition plan. The consultant covered how regional habitat conservation might be handled post-FORA, how Community Facilities District (CFD) fees might be collected and distributed for Habitat Conservation, construction of projects, and to pay any litigation costs.

GreenWaste Recovery (GWR) intends to call for a cost-based rate adjustment for all jurisdictions they serve. This follows requests by Marina, Pebble Beach CSD, Seaside, and Carmel to request a cost based rate adjustment. Staff is working with the Waste Management District to assess the potential impacts on our rate payers. GWR stated that they can pay the cost of the rate review and then recover that cost by allocating it to the rate base during the FY 19/20 fiscal year.

Mayor Kerr, Council member Gaglioti and I visited the Sand City Desalinization plant this week for a tour by CalAm staff.

Staff published a request for proposals (RFP) for City website design, implementation and monitoring services this week in the Monterey County Weekly. Responses to the RFP are due by 5:00pm April 12,

2019. The RFP is broad and includes additional services such as electronic agenda package management for Planning Commission and City Council.

Staff negotiated deal points for the lease of the Public Works building with Integral Innovations. Staff received the draft lease from the City Attorney's office for the lease of the Public Works building to Integral Innovations. Staff met with Integral Innovations to discuss the lease area map, which will be an attachment to the lease. Staff plans to bring the lease to Council in closed session on March 26th.

Staff and Councilmember Gaglioti met with John Treble and our Economic Development consultant David Zehnder to discuss the option agreement for the City's former Ft Ord Property. Staff anticipates bringing the agreement to Council in April or May. City staff and our planning, environmental, and economic development consultants are reviewing a draft revised option agreement.

Staff and the Mayor met with Mr. Mori concerning a presentation to City Council about Work Memorial Park and Del Rey Oaks Garden Center. Mr. Mori met with TAMC staff concerning potential FORTAG routing through Work Memorial Park and around the Del Rey Garden Center. Mr Mori will present his initial concept to Council when ready and TAMC will be present to answer any FORTAG related questions.

Our Police Department underwent an annual Police Officer Standards and Training (POST) inspection. The inspector will submit a written report, but provided me an oral outbrief. He said that the department has taken a 180 turn for the better. He was very impressed with the Department's organization, training, records keeping and morale. This is a direct reflection of Chief Hoyne's leadership and the quality and commitment of our officers.

Monterey County Peace Officers Association held its annual Officer of the Year dinner. Officer Baza was recognized as the Del Rey Oaks Officer of the Year.

Chief and Councilmember Gaglioti met with Kathy Palazzolo and her son about FORTAG. The meeting lasted several hours and was constructive. Chief Hoyne did a great job.

Staff reached out to Monterey Bay Community Power (MBCP) to begin the process of potentially joining the JPA. Staff anticipates bringing the resolution and ordinance to Council for consideration in April.

Staff and Councilmember Gaglioti met with the consultants facilitating the transition plan for FORA. We emphasizes the need for a regional approach to habitat conservation, a continuation of the Community Facilities District (CFD) fees for Habitat Conservation, construction of projects, and to pay any litigation costs, and the need for solid agreements concerning the provision of water services to Del Rey Oak's property.

Staff met with the General Manager of Marina Coast Water District (MCWD) to discuss the City's permitted RV resort project, extension of the water pipeline down South Boundary Road, and a water service agreement between the City of Del Rey Oaks and MCWD for the post-FOR A timeframe.

The FORA Admin Committee met to discuss transportation projects post-FORA. There is agreement that local projects should transition to local jurisdictions and be funded through locally levied fees. There is a majority but not unanimity that regional projects should continue to be funded through the Community

Facilities District (CFD) fee. The admin committee will meet again on April 3rd to discuss water and waste water service provision post-FORA.

The Citizen's Action Group met last Monday evening to discuss the great events planned for the year. Staff will prepare the next Acorn for distribution in April.

Staff attended a meeting of the Monterey Bay Defense Alliance (MBDA). MBDA led the effort to form a State-wide consortium of defense support agencies, called the California Defense Communities Alliance (CDCA). The CDCA signed its by-laws and was formally established last week.

We held a Coffee with the City Manager at Starbucks last Tuesday evening. Six residents participated in an hour long discussion about speed on 218, City finances, potential development, water, the City's Housing Element and new emphasis and regulation from Sacramento. The conversation was positive.

Dino Pick
City Manager