

CITY OF MONTEREY

Budget Forum for Business Interests

February 18, 2009

[Click here](#) for more citizen comments, ideas, suggestions

1. Rick Johnson, OMBA Executive Director, gave welcome and introduction. Rick thanked the City for holding this forum and noted that Monterey is unique in facilitating this public participation process.
2. Mayor Della Sala gave a welcome
3. City Manager Fred Meurer gave a fiscal overview. We are primarily in a listening mode today. We function much like a business but are not able to go out of business. There are core functions and discretionary functions. Discussed trade-offs – fireworks vs. library hours vs. street sweeping. This year, we projected a positive balance at the beginning of the year but are now about \$3,000,000 out of balance if we do nothing. Hotel tax is about 27% of General Fund revenue. We have a partial hiring freeze, currently about 30 positions. We have cut operating expenses and capital improvement projects. We are also looking for employee participation. One of our assumptions is that public safety will not be jeopardized. Department heads are looking at cut scenarios from 5% through 20%. Department heads have volunteered for 5 day furlough and management has agreed to 4 day furlough.
4. Video of public comments was screened.
5. Mark Bastis, Hyatt Regency Monterey and MCHA – room nights and rates are down; generate more business and/or deal with it on the expense side; people are still traveling and we need to secure that business; group business is important; City should consider reduction in TOT for a limited period of time
6. Mike Lipscomb – sad to see fireworks cancelled; member of Garden Court; compared business info between Garden Court and Monterey Sports Center; wanted feedback from Sports Center; used to receive rebate check from his club and wondered why (rebate from MPC); we might be comparing apples and oranges but perhaps Sports Center business model should morph
7. Fred Meurer explained the budget at Sports Center and offered to discuss further. The subsidy at the Sports Center is something that the City Council will be looking at.
8. Allen Robinson, Sienna Company – represents design and construction industry; has taken 14 projects to use permits and all have been abandoned because it is not the time to build; suggests that existing use permits be extended at least two years so that the projects can easily come back to life; believes City should avoid development impact fees; City should explore use of contract services; he can not compete with public sector salaries and benefits; suggests an across the board salary cut of 10% to 20%; reduce non-essential services – don't give away free stuff; appreciates venue for this discussion
9. Fred Meurer said that we are working hard to sell services to other agencies – this is a win/win solution

10. Nelson Vega – supports expense reductions; public sector employees are too well compensated; the money is in public safety retirements; suggests shorter term contracts and elimination of binding arbitration; need to help other cities to keep them viable or Monterey will feel impacts
11. Fred Meurer stated that 74% of General Fund goes to employee costs. He suggested that people participate in ride-along programs. Employee cost spiral is a legitimate issue. Monterey pays average of other cities in its market. Several years ago, Police Department was down 30% and we could barely staff patrol. Community was demanding service and City Council decided to change compensation. Sacramento is the source of the problem as it relates to the retirement system. He stated that the people of Monterey voted for binding arbitration.
12. Hank Armstrong, Monterey Bay Aquarium – Aquarium is an economic engine in the community; their success is tied to region's success; Aquarium is going through its own budget process; they are not cutting in marketing and promotion, or things that are affecting visitor experience; requests that City look hard at and sustain its MCCVB contribution; suggests "I love tourists" campaign
13. Uwe Grobecker, Santa Lucia Café -- Sports Center subsidies can be reduced; look at schedule for major events – hotel space freezes up and traffic impacts are significant when these events are scheduled on long weekends
14. It was noted that much of the regional special event scheduling is beyond our local control
15. Rick Johnson read several other questions into the record – 1) what federal bailout money is available? We are looking but there are no guarantees. 2) convince neighborhoods to give their NIP monies back to the City. The City Council is currently working with NIP to focus NIP resources on City priorities. 3) Let local residents get cards allowing discounts in the City. Rick Johnson said that it is time for an integrated approach to marketing across business districts.
16. Fred Meurer encouraged suggestions and participation in the process. Said that strategy is to make this a smaller organization. We are under-financing renewal of our facilities and infrastructure. Strategy is to use proceeds of the upturn to help with reinvestment. Staff is not proposing new revenues and taxes – it is up to the community if they want to do that to support services and facilities.
17. Mayor Della Sala thanked attendees for their input.