



**Minutes - Regular Meeting Thursday, June 6, 2013 7- 9 pm
Santa Monica Main Library Multipurpose Room**

1. The June 6, 2013 meeting was called to order at 7:10 PM. A quorum was present. Attending were all Board members: Danillo Bach, Patricia Bauer, Victor Fresco, Albin Gielicz, Todd James, Carol Landsberg, Evelyn Lauchenauer, Doris Sosin, and Mary Jo Stenger.
2. Adoption of Agenda and approval of the Minutes for May 2, 2013 meeting.
The minutes were approved as written. There were no changes/additions to the Agenda.
3. Actions taken since the last meeting:
 - a. Motion to send an email to the City of Santa Monica listing NOMA Board's and NOMA Development Committee's questions to be considered in the Miramar Environmental Impact Report Scoping was passed.
4. City of Santa Monica Budget will come before the City Council on June 25, 2013. The following is a summary of comments by Rod Gould, City Manager, about the proposed budget. This complex document will stand from July 1, 2013 until June 30, 2015 and affects every City program, project, and activity. The apportionment of the \$520 million in the budget enumerates and embodies the priorities by which resources are obtained, sustained, and allocated. This budget, as is standard practice, will be reviewed every six months with five year projections to see if there is need for minor course correction adjustments. We are projecting revenue growth of 2.4 percent for the next five years. As of January, we were projecting a balanced budget- no deficits- for the next five years.

The City has weathered the economic downturn that has stressed other communities, but the loss of State redevelopment money, a source of capital budgeting, has created a real threat to infrastructure, facility projects, and projects such as affordable housing and the \$31 million necessary for relocating Fire Station Number 1 from a seismically unsafe, too small building to a replacement site adequate for the City's needs. The \$52 million that had been planned for the Civic Center was also part of the funds that were eliminated. In the past, 20 percent or more of redevelopment funds had been spent on affordable housing – over 3,000 units have been built that way over the past few years. Santa Monica will have difficulty fulfilling our charter commitment that specifies 30 percent of new housing in Santa Monica must be affordable housing. There are currently law suits pending over these redevelopment funds.

Other challenges that are difficult to control:

- a. Health care costs: SM healthcare costs have seen double digit increases in the last five years- no sign of it abating. City's consultants project at least \$1 million in

additional costs on top of more double digit increases. Our revenue growth cannot keep up with this kind of cost increase.

- b. Pensions. The City has a defined pension plan for its employees, which the great majority of Americans do not have. The pension plan provided by the City is very expensive. The board of CALPERS (CA Public Employee Retirement System) has voted to require that CA cities increase their funding for pensions for five years beginning in 2015, representing a 50 percent increase. This is a real challenge. plan- PURS- there will be a 100 percent increase for the next five years for current employees and new employees will get lower benefits.
- c. Worker's compensation. Costs continue to soar and are difficult to control. The City sees an increase of 7.5 percent each year.

The proposed City budget is balanced for the next two years, without borrowing, maintaining essential core services: facilities, reserves, and special initiatives such as sustainability, aid to the homeless, social services, arts and technology. The proposed budget calls for cutting costs by such means as reducing overtime and leaving open job positions that become vacant due to attrition. This will reduce costs by \$6 million the first year and \$9 million the second year. The proposal calls for increasing revenues by increasing fees for individual benefit services. The proposal also will probably call for an increase in refuse services in the second year.

Civic Auditorium: the City saw a loss of \$52 million in the redevelopment funds for rehabilitating the Civic Auditorium. This budget proposal calls for closing the Civic Auditorium At the end of June and laying off about 11 employees. The City is exploring ways to keep the Auditorium as a cultural and entertainment venue.

The City is entering an era of constraints, where it will have to be smarter, make harder decisions, be more efficient, more entrepreneurial.

Q and A session:

- a. In SM the ratio of staff to residents is among the highest in the state. Can you explain why? The City has a wider range of activities than most cities of about 90,000. Many cities contract out for trash and refuse, don't do nearly as much in human services, technology, recycling. About 70 percent of the budget or about \$520 million is staff driven- there are about 2200 employees for the roughly 90,000 residents. The City has the fourth largest transit system- 400 for the Big Blue Bus- then there's the airport and pier. Other big categories are Human Services and Technology.
[EDITOR'S note; the CA State Controller's web page lists the number of city employees in Santa Monica as 2,841 as of 2011. When calculated as a ratio of the city's 90,174 residents, that's one employees per every 31 residents , or among the highest in the state. Web page: <http://publicpay.ca.gov/Reports/Cities/Cities.aspx>]
- b. What is the strain on the City's infrastructure by the daytime population including tourists and people who work here? It is estimated that there are 150,000 people on average weekdays and about 250,000 on peak weekends, while about 90,000 live here. The question about the drain on infrastructure – water, sewer, utilities, police, fire, libraries, traffic people...that is posed by these non-residents. The presence of tourists generates a tremendous amount of income that allows SM to

have the higher level of services than any city of its size in CA. The hotel tax revenue is equal to the property taxes paid by the residents of Santa Monica. If you didn't have a hotel tax, everyone would have to pay twice as much property tax to provide the same level of revenue.

- c. How much does the SM airport cost? The future of Santa Monica Airport is at a major decision point. The FAA wants to keep it open. The residents in SM and many in Los Angeles have a different view. The Council has said that, unless we can mitigate noise and pollution and improve safety at the airport, they may have no choice but to close it. The last time SM engaged in a law suit against the Federal government about banning jets at the airport it cost \$1.2 million.
- d. What will happen to the SM Civic Auditorium? An Advisory Panel may be set up to work with staff, the City Council, residents and industry to look at alternatives.
- e. Wouldn't contract services cost less money than full time City employees? The City Council has said that they want quality and they have been willing to pay to have this. Staff is being reduced by attrition and 11 workers at the SM Civic will be let go.
- f. What percentage of the 2200 employees actually live in SM? I don't know the exact number, but it's a very low percentage. Shrinking every year. Why? Rents rising very rapidly, housing prices. Increasing numbers of City employees choose to or are forced to live elsewhere and commute to town.
- g. SM has traditionally taken pride in having its water wells- can the city sustain itself on its own water supply? And how would that be possible with all the development that's envisioned? In the 50's and 60's local industries polluted our water from the Metropolitan Water District (Sacramento Delta and Colorado River). It had been importing 70% of its water from elsewhere. After aggressively pursuing polluters, as of next year, the City will be relying on water with only 30% being imported. The City Council's goal is self-sufficiency by 2020 through a combination of conservation and recycling water for landscaping, etc.
- h. How can we meet that goal with all the development that is in the pipeline? The capacity to meet future needs is monitored and the system has been sized for future projects- this will be in every EIR. "I don't think it's realistic, although I know it's controversial to say this, that everything that is currently planned is going to be built. I know that's not the case. But, we've been able to meet our current demands and we've been able to size our system for the expected increase in development- but probably not everything that you're concerned about, no."
- i. Are you worried about the budget, and is that why you're so pro-development? No. And, I don't accept the premise. When we budget, we don't assume anything about development. We don't anticipate any revenues from any project in the process unless the project has been approved by the Council and is far along in construction. We try to budget as conservatively as possible. There are choices... highly controversial... some of the projects may come in with significant revenues that could pay for a wide range of services. In two years, we'll be facing significant deficits....We're *not* suggesting that the Council embark upon a rapid or radical economic development spree to try to avoid deficits. We're not at all. The two issues... budgeting and local economic planning- separate, separate.
- j. Why is the City being flooded with requests for Development Agreements?
 - 1) They were held back during the 6.5 years it took to develop the new LUCE.
 - 2) The economic downturn has stopped.

- 3) Interest rates are low
- 4) Construction costs have plummeted
- 5) The tech community is flocking here
- 6) Tourists want to visit here
- 7) Location.

5. Update on Parking- Jory Phillips – a summary of recommendations:

- a. do not remove/reduce the number of parking spaces
- b. any new development would still provide more parking than exists on most sites today.
- d. The number of spaces is based on measured peak demand (some say this study is flawed)
- e. Adjust the minimum requirements for grocery stores and large sites.
- f. Remove neighborhood commercial corridor designations for Montana and Main Streets and build to the same height and density that exists.
- g. Explore improvements in the preferential permit parking process. This is the single best way to protect residential parking. However, will still explore metered parking in residential areas.

The transportation Management is up and running and is being looked at.

The more you build an auto environment, you're saying, "We want you to come drive here."

6. Report by Kevin McKeown suggests that residents of the neighborhood associations including NOMA approve a request that there be a freeze of the eight "Opportunity Sites" until the Downtown Specific Plan has been completed. Evelyn made a motion that NOMA approve a freeze. Mary Jo seconded it. Victor will draft a letter to the City Council indicating same.

7. **Reports:**

- a. Treasurer's Report: NOMA has about \$9,000 in the bank. NOMA received about 95 membership renewals.
- b. Social Subcommittee – The next Social Mixer will be held from **6-8 PM on Friday, June 14, 2013** at Pure Sense located at 729 Montana Avenue.
- c. A Development Subcommittee – no report- no time.

10. Future Agenda Items: Will do via email- lack of time

11. The first Thursday of July is July 4. Thus, the **July NOMA meeting will be held July 11, from 7PM to 9 PM at the Main Library**

12. Adjournment: The meeting was adjourned at 8:58 PM

Carol Landsberg, Secretary