

MINUTES

OPERATIONS COMMITTEE OF THE BOARD OF DIRECTORS CAPITOL AREA DEVELOPMENT AUTHORITY

June 21, 2011

Ann Bailey called to order the regular meeting of the Operations Committee at 2:04 p.m. at the CADA Administrative Offices, 1522 14th Street, Sacramento, CA.

1. Roll Call

Lagomarsino - Present
Bailey - Present

2. Approved Minutes: May 17, 2011

Bob Lagomarsino noted that the starting time of the meeting needed to be corrected. The minutes of the meeting was approved as amended.

3. Items scheduled for the June 24, 2011, Board Meeting

- A. 1001 R Street Funding Request: Todd Leon presented staff's recommendation that the Board Adopt a resolution authorizing the Executive Director to enter into a loan agreement and promissory note in an amount not-to-exceed \$140,000 with Allyson C. Dalton to fund the expansion of a loading dock for the building located at 1001 R Street.

Todd Leon provided background information on the history of the historic warehouse structure on R Street and the discussions that CADA, the City of Sacramento and Teichert Construction had with Ms. Dalton on her desire to extend and expand the current loading dock to provide an outdoor dining area for the Fox and Goose Restaurant. From these discussions, the best time to construct this project would be during the construction of the streetscape improvements. Todd Leon reported that in order for the loading dock to be extended, SMUD is requiring Ms. Dalton to design a section of the dock that is removable so that SMUD is able to access their electrical vault.

Todd Leon then introduced Allyson Dalton who provided an overview on the design of the removable dock and reviewed the design issues she has to resolve to stay within her budget.

Committee's Recommendation: The committee supported staff's recommendation.

- B. FY 2011-2012 General Operations Budget and Capital Investment Program Budget: Noelle Mussen presented staff's recommendation that the Board adopt resolutions:
1. Approving the FY 11-12 General Operations Budget of \$10,591,850 and a FY 11-12 Capital Investment Program (CIP) Budget consisting of Major Construction Projects of \$798,000 and Development Projects of \$25,000.
 2. Approving an decrease of (\$1,873) in the FY 04-05 CIP Development Project Budget
 3. Approving an increase of \$18,802 in the FY 06-07 CIP Development Project Budget
 4. Approving an increase of \$358,931 in the FY 07-08 CIP Development Project Budget
 5. Approving a decrease of (\$21,696) to close out the FY 08-09 CIP Major Construction Budget and an increase of \$142,679 in the FY 08-09 CIP Development Project Budget
 6. Approving an increase of \$25,000 in the FY 09-10 CIP Major Construction Budget

The resolution adopting the FY 11-12 General Operations Budget continues to establish the transfer threshold for the Executive Director for any given expense category at a cumulative of seven percent (7%) and continues the policy of the Executive Director the authority to submit applications for project funding, but still requires Board approval for fund acceptance.

Noelle Mussen reported that at the time the budget was prepared the impact of the Governor's Budget May Revise that came out and any potential changes in CADA's legislation was unknown. This budget being presented is assuming that CADA is going to continue to receive tax increment

revenue and that there is no adjustment to CADA's property at this time. If CADA loses properties or, all or part of its tax increment revenue, CADA will have to amend the budget to address the impact on its operations.

Noelle Mussen reported that all budgets meet CADA's balanced-budget directive. Ms. Mussen then reviewed CADA's budget structure for FY 2011-2012.

Paul Schmidt reported that Randy Paragary's establishment had a shooting a week ago on R Street. Todd Leon is on the MBA Board reported that several groups around town are discussing having better police protection for downtown. Mr. Schmidt met with Bill Rinker, City Manager to discuss the concern. Staff was informed that the Sacramento School District, Sacramento Housing and Redevelopment Agency and other groups are paying for more police protection in the downtown area. It is estimated that it will cost approximately \$30,000 in additional police coverage during the weekends for this next fiscal year. Staff is suggesting Board action to approve \$15,000 to be allocated for additional police coverage for the Capitol Area and R Street areas. Staff will be sending a transmittal out to the Board regarding this recommendation and a revised resolution will be presented to the Board on Friday.

Bob Lagomarsino expressed his concern that there is a baseline level of protection that the police department provides and CADA is making them aware of an area where they should focus their service. Mr. Lagomarsino feels that CADA should not be paying extra for what arguably should be baseline level service focused on areas where there is a demand for services. That is what the police department should be doing.

There was general discussion as to what the police department will respond to.

Committee's Recommendation: The committee supported staff's recommendation.

- C. Five-Year Capital Improvements Program (CIP) Needs Assessment: Paul Schmidt reported that Five-Year Capital Improvements Program (CIP) Needs Assessment is prepared twice a year. CADA's overall projection is within its budget guidelines totaling \$3,107,000 over the next five years. Staff is looking into more energy conservation projects and repairs to CADA's existing older buildings.

Committee's Recommendation: For review and comment only.

- D. FY 2011-2012 Salary Range Limit Schedule: Jill Azevedo presented staff's recommendation that the Board adopt a resolution approving salary range adjustments as recommended by the public sector personnel consultant as discussed at last month's meeting.

Ms. Azevedo reported that the proposed range adjustments that were found not to be competitive are to be adjusted to 97%-98% of the market to reflect furloughs and unpaid leave days etc. that are found in the current market. The annual fiscal impact of adopting the recommended ranges will be \$912.00 which will be used to bring two employees whose current salaries fall below the minimum of the recommended ranges for their positions.

Committee's Recommendation: The committee supported staff's recommendation.

- E. FY 2011-2012 Legal Services Contract: Jacqueline Whitlam presented staff's recommendation that the Board continue its current legal counsel contract with Kronick, Moskovitz, Tiedemann and Girard (KMTG) for the period of July 1, 2011 through June 30, 2012 in an amount not-to-exceed \$203,000. Ms. Whitlam reported that KMTG has added cost containment features into their contract requesting a \$5.00 an hour increase for their staff and that Laura Izon Powell be paid at the same level as Jeff Mitchell. Staff is supportive of this request.

Committee's Recommendation: The committee supported staff's recommendation.

- F. FY 2011-2012 Security Service Contract: Jacqueline Whitlam reported that staff is recommending the Board, by resolution, extend the current years' contract with Lyons Security in an amount not-to-exceed \$106,000. The contract allows for a one year extension of the contract for up to five years with an allowable increase not-to exceed five percent (5%) from the previous year based on the Consumer Price Index (CPI).

There was discussion regarding what Lyons Security provides in service.

Committee's Recommendation: The committee supported staff's recommendation.

- G. FY 2011-2012 Network Administration Contract: Noelle Mussen presented staff's recommendation that the Board, by resolution, award the FY 2011-2012 Network Administration contract to Network Design Associates (NDA) in an amount not-to-exceed \$73,000.

Noelle Mussen reported that NDA has not increased their rates in two years. This year they have increased their rate by \$5.00 up to \$125/hour. NDA continues to be very responsive to CADA needs. If there are any issues, NDA resolves them quickly.

Committee's Recommendation: The committee supported staff's recommendation.

- H. FY 2011-2012 Maintenance Services Contracts: Jacqueline Whitlam presented staff's recommendation that the Board, by separate resolutions, award FY 2011-2012 Maintenance Service Contracts to the following contractors:

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| • J.R. Painting for Interior Painting – Vacant, Occupied and Common Areas | NTE \$180,000 |
| • Boyd's Flooring for Floor Coverings – Repair/Replacement | NTE \$260,000 |
| • TruGreen Landcare, Inc. for Landscape and Lawn Maintenance | \$75,000 NTE \$75,000 |

Jacqueline Whitlam reported that the three contracts that are being presented for Board approval are over the \$50,000 contract authority limit of the Executive Director. Maintenance service contracts each year allow the contractor to extend one more year. Of the three contracts recommended for approval two are being extended. The two being extended are Boyd's Floor Coverings and TruGreen Landcare, Inc.

Committee's Recommendation: The committee supported staff's recommendation.

4. Staff Reports/Updates/Transmittals

- A. FY 2011-2012 Business Plan: Jacqueline Whitlam reviewed the following items:
- Added Item 20, Institutional Partners, Strategic Plan for the Disposition of CADA properties has now become a priority for CADA.
 - Because of the disposition of CADA properties staff feels that it will potentially affect what direction CADA moves on in Item 21 (Mercury Cleaners) and is contingent upon CADA's goals for this next year. The disposition of CADA properties may also affect negotiations with HCD with regard to what CADA is going to do with the Regulatory Agreements for Somerset Parkside and Biele Place which expire in one-two years.
 - Under Item 9, Site 8E will relate to the disposition of CADA properties, which is one that staff can point out to the State that staff is proceeding on selling property.
 - As events take place, the business plan calendar will be updated at mid-year.
- B. Financial Report for Period Ending May 31, 2011: Received as transmitted
- C. City Treasurer Monthly Investment Report April 2011: Received as transmitted

5. Insurance Claim Activity

Jacqueline Whitelam reported that with regard to any settlements that may have been reached there is nothing to report, but did provide an update on the fire at the Lombard. Ms. Whitelam reported that the damage to the unit itself where the fire started is going to cost approximately \$75,000 and in addition, the smoke damage and other items in the building will cost approximately another \$100,000. Our insurance will cover everything except for the \$5,000 deductible in property insurance.

6. Opportunity for the Public to Address the Committee Regarding Matters not on the Agenda

No public comments.

7. Adjournment

The committee adjourned at 3:20 p.m.



Sharon M. Bennett
Secretary to the Board of Directors