

Vallejo Mayor Tony Intintoli made the following remarks at the Tuesday, January 14 Council meeting:

Last Friday was a very dark day for local governments. While the Governor's proposed budget must be approved by the Legislature, it's clear the state will balance its budget with take-backs from local governments. Ironically, this means the state will create a reserve in its budget by wiping ours out.

In the case of the City of Vallejo, that means a potential hit of \$3.5 million this fiscal year, and another \$7.6 million in Fiscal Year 2003-2004.

These sums represent the take-backs of Vehicle License Fees and booking fees previously paid to the state by cities and then reimbursed to the cities. The loss of these funds is the equivalent of 18 police or 20 firefighters this fiscal year, and 40 police or 45 firefighters in 2003-2004. Statewide, the numbers jump to 12,000 police officers and 15,000 firefighters.

The Vallejo Redevelopment Agency will be losing half of its expected tax increment income, limiting the financing available for the Vallejo Station, a key element in accomplishing revitalization of downtown and the waterfront.

So today, this morning, the financial condition of the city is a precarious one. As City Manager David Martinez said last week, depending on what transpires at the state level, when it comes to dealing with this financial crisis and its impact on Vallejo, "everything is on that table." We've got some difficult decisions ahead of us. We also have an excellent track record for dealing with financial challenges. Four years ago we had a deficit in the General Fund and today we have a positive balance, which will enable us to cushion somewhat the impact of the state budget crisis.

LNG has been a big issue all year. A council study session is scheduled for January 28, with a vote expected on February 4. I'd like to thank Chief Don Parker, the Health and Safety Subcommittee and the Disaster Council for all their work in trying to bring as much information forward on this project as possible.

Having said that, the past year wasn't all doom and gloom. There were more than a few things that took place in 2002 that we can be proud of, and we hope to continue that momentum into 2003 and beyond even against a backdrop of tight fiscal times.

- **Alternative Energy**

1. Solar panel program to the roofs of City Hall and JFK Library.
2. Purchased eight Toyota Prius hybrid vehicles in the City's first step toward turning as much of the city's vehicle fleet as possible into alternative fuel, low-polluting vehicles.

- **Mare Island**

1. Settlement of suit between City, Lennar Mare Island and Mare Island Business Association to allow the continued development of Mare Island.
2. Agreement reached between the City of Vallejo and the State of California on over 2,800 acres of land on Mare Island. Eventually escrow closed on the property, made up of wetlands and dredge ponds.
3. Similarly, escrow closed on another 670 acres of property that was then conveyed to Lennar Mare Island. This allows accelerated clean up of that parcel of land and development of the property as well.
4. A new master developer for Area 1 will be selected soon. After hearing five presentations, we've narrowed the choices to three – Lennar Mare Island, Weston and Titan – and the process of making a final selection is underway.

- **Finance Department**

1. Comprehensive Annual Financial Report received certificate of excellence from the Government Finance Officers Association
2. City's Investment Policy received Certificate of Excellence from the Municipal Treasurer's Association of the United States and Canada.

3. The City's audit showed no material weaknesses for the third consecutive year and confirmed a General Fund reserve of over \$6 million.
4. Also recognized by auditors as one of only 200 cities nationwide to comply with Government Accounting Standards Board Statement No. 34.

- **Local Purchasing**

1. Over \$25 million in local spending during an 11-month period.

- **Projects moving forward**

1. Georgia Street extension
2. Auto mall project in northeast quadrant of Vallejo
3. Exclusive right to negotiate with Triad Communities Inc. to develop a 12-square-block area of downtown Vallejo

- **Permit streamlining**

1. In an effort to become more business friendly we began the process of implementing permit streamlining strategies.
2. The City Council approved adding a Development Permit Coordinator and two Planning positions to begin addressing remaining streamlining strategies. However, the outcome of the state's budget crisis could impact the hiring of these positions
3. The City has been working with developers to prepare a new Northgate Specific Plan and to initiate preparation of the environmental review documents needed to evaluate the Downtown/Waterfront Master Plan and Mare Island Specific Plan Amendment.

- **Clean up efforts**

1. Council enacted a vacant building ordinance
2. Implemented the Strike Force, an effort to clean up the main entrances of the City in cooperation with Caltrans
3. Completed the "Keep Vallejo Clean" advertising campaign

4. We are also supporting the Chamber of Commerce's V-Clean Committee's efforts at cleaning up various areas of Vallejo.

- **The Disaster Council**

1. Formed by City Council and now meeting
2. Emergency Operations Plan has been updated for the first time in 10 years.

- **Six Flags**

1. Our relationship with Six Flags continues to be a healthy, successful one, and the park continues to be a major regional attraction.
2. Periodically new attractions are added. Something big – but confidential – will be added this year.

- **Waterfront and downtown development**

1. We're still moving forward with our work on waterfront development and the downtown area. The EIR for the waterfront is in a 45-day review period. Following that period it will proceed to the Planning Commission and then the City Council for final ultimate certification. That will open up the waterfront for proposed development.

- **Affordable housing**

1. Construction began on Sereno Village, a 125-unit, affordable multi-family rental housing development, which is being partially financed by the City's Redevelopment Agency. The housing development is located near Sonoma Boulevard and Sereno Drive and includes a bus transfer station.

- **Code Enforcement**

1. Implementation of an illegal signs program
2. An overall increase in the number of code enforcement open cases and closed cases.

- **Street repairs and maintenance**

1. Over the last four-plus years we have overlayed portions of the following streets: Columbus Parkway, Mare Island Way/Curtola Pkwy, Georgia Street, Tuolumne, Maine, Laurel, Benicia Road, Corcoran, Redwood, Valle Vista as well as Tennessee between Mare Island Way and Monterey Street.
2. The segment of Tennessee between Monterey and Tuolumne is scheduled to be overlayed next summer.

- **Emergency Operations Plan**

1. Plan updated
2. Engine-based paramedic program was fully implemented. As a result, every fire engine in Vallejo now has a paramedic aboard to provide immediate medical attention on every call.

- **Crime statistics**

1. Crime dropped 2 percent in Vallejo through the first three quarters of 2002.
2. Seven homicides in Vallejo in 2002, and five were solved. Oakland, meanwhile, suffered through 114 homicides in 2002.
3. Upgrading of various computer and communications systems within the department, including an upgrade of the 911-telephone system, and a computer aided dispatch/records management system.

And that leads me into the outlook for 2003:

As I said earlier, the state's budget crisis is real and it will affect us in 2003. We will feel the impact in one way or another, either through cuts in services or some other impact.

Despite all that we will continue to work diligently to maintain our current state of fiscal health. We've guarded our reserve closely for times such as these. We're going to need every penny of that reserve to make it through these difficult times ahead.

Keep in mind that as desperate as times might seem now and in the immediate future, this is not a permanent situation. The economy inevitably will turn around and that will help alleviate the situation somewhat.

Some things we hope to accomplish in 2003 include:

- **New library in East Vallejo.**
 1. While we weren't selected in the first round of grant applications, we still have funds that might be used for a scaled down version of the library.

- **Georgia Street**
 1. The street will be reopened in the late spring or early summer. There is no doubt that the reopening of Georgia Street is one step in the revitalization of the downtown.

- **Downtown**
 1. Actively working with Triad to make the dream of a revitalized downtown a reality. Work will continue toward that goal in 2003.
 2. Other downtown goals include beginning the process of purchasing properties for the Vallejo Station,
 3. Developing additional incentives for downtown revitalization

- **Continued work toward reuse of Mare Island**
 1. Job generation and revenue generation are just two key elements of the reuse of Mare Island.
 2. Ongoing negotiations with the Navy over various cleanup issues on Mare Island are expected to be completed in 2003, as well as moving forward with plans for Area 1.

- **Preparedness drill**
 1. Our Fire Department is working on holding a citywide drill to test our updated Emergency Operations Plan.

- **Vallejo Marina**
 1. Work will continue on dredging and improvement of the Vallejo Marina, as well as implementation of plans leading to a resolution of management at the Marina.

- **Ferry boat operations**

1. Efforts will continue to secure funding for operation of the fourth ferryboat.

- **Wilson Avenue**

1. Phase 2 of Wilson Avenue improvements will continue, leading up to the beginning of construction of the project.

- **Budget crunch**

1. This might be our toughest assignment in 2003. We'll have to be extremely creative in our thinking in order to deal with this situation. One thing is certain – it will get worse before it gets better at the state level and we'll all feel it eventually, some sooner, some later.

Thank you for your time. I know this hasn't been the most optimistic report I've given compared to past updates. But I know we have the right people in place to deal with the budget issues that lie ahead and I look forward to working with you and everyone else in Vallejo to address this situation.