



California

CITY OF OCEANSIDE

MAYOR AND COUNCIL WORKSHOP

APRIL 28, 2010

ADJOURNED MEETING 4:00 PM COUNCIL CHAMBERS

**NOT OFFICIAL
UNTIL APPROVED AT SUBSEQUENT
MEETING BY CITY COUNCIL**

Mayor

Jim Wood

Deputy Mayor

Vacant

Councilmembers

Jack Feller
Esther Sanchez
Jerry Kern

City Clerk

Barbara Riegel Wayne

Treasurer

Gary Felien

City Manager

Peter Weiss

City Attorney

John Mullen

The adjourned meeting of the Oceanside City Council was called to order at 4:04 PM, Wednesday, April 28, 2010.

4:00 PM - ROLL CALL

Present were Mayor Wood and Councilmembers Kern, Sanchez and Feller. Also present were City Manager Weiss, City Attorney Mullen and City Clerk Wayne. Jimmy Knott led the Pledge of Allegiance.

WORKSHOP ITEM:

1. **Presentation of Budget Balancing Plan**

CITY MANAGER WEISS is presenting the City proposed Budget Balancing Plan and then needs Council's direction in advance of what will be the final budget adoption tentatively scheduled for June 23, 2010. The focus today is on the General Fund. In June, Council will also be looking at the other operating budgets, including Redevelopment Enterprise Funds and the Capital Improvement Program (CIP).

In October of 2009 the City identified a \$10,000,000 shortfall, which would have been for the balance of 2009/2010 and 2010/2011. In October Council approved about \$6,400,000 in reductions and also restored about another \$1,000,000 in services, which amounted to approximately a \$5,400,000 reduction. Due to the timing of those reductions, since they did include staff reductions, the actual reduction amount was closer to \$3,500,000.

For this current year we are experiencing an approximate \$4,500,000 shortfall and, based on Council's direction, we will be using the balancing for this particular year to be out of the City's unallocated reserves. However, the operating deficit will continue. In comparison, in 2009/2010 our revenues were approximately \$110,000,000 and our expenditures were about \$114,500,000, which is where we come up with that shortfall. As we progress to 2010/2011 we are showing our revenues, as a result of an ongoing decline in both property and sales taxes, which make up almost 70% of our

revenues, to be \$104,000,000. We do show a slight increase in our personnel costs as a result of increased health insurance and retirement costs. The total expenditures are about \$113,000,000, which is the \$9,000,000 shortfall. The target we were using was \$8,000,000 because we were using numbers when started this process at the end of January. We also at this point do not know what our actual receipts are going to be from property taxes. We will not know those until probably the end of May.

What we are proposing with this Budget Balancing Plan provides the highest level of services that we can provide within the existing financial constraints and per Council's strategicals that you had adopted. It retains all services and programs recognizing that as our pie shrinks, so do those services and programs. At this point we have not completely eliminated any specific service or program.

The \$8,000,000 that we are recommending to you is being made up from 4 key categories: about \$1,200,000 in revenue enhancements; outside agency reductions, based on Council's direction in the past of looking at reducing what we pay to outside agencies; \$630,000 in citywide reductions that are not specific to any one department; and \$5,600,000 in reductions amongst all the various operating departments.

The recommendation for the workshop this afternoon, given what appears to be a significant amount of public, is that he will briefly go over the non-departmental overview and he would recommend the public input and then Council can have their discussion and provide direction to staff. We are prepared to go department by department, but that would take a significant amount of time or we can review departments that Council has specific issues with.

Part of what we are recommending to you includes a number of fees. Some of those have already been addressed at the last Council meeting. The one in particular that you need to pay some attention to are the fire inspection fees; the cost recovery for providing fire prevention inspection, which is about \$200,000. He will be asking Council for direction as to whether you want that coming back to you in May. Previously Councilmember Feller had indicated that he wanted to reserve the ability to discuss that today.

As to the other, you did approve most of them and we are going to be bringing the final purchase and sale agreement of the community gardens to you in the near future. Most of these are moving forward.

For outside agency funding, we are recommending a reduction in the KOCT funding and the Chamber of Commerce. Council did receive a letter this morning from Tom Reeser of KOCT. He has had some discussions with Mr. Reeser as has most of Council. KOCT has asked for additional time to put together a budget reduction plan on their own that would be presented back to Council well before the June 23, 2010, public hearing. They are looking at a number of different options, which include potentially going to one channel, looking at alternate funding strategies, etc. Should Council be interested in giving them that additional time, his recommendation is, for purposes of discussion today, that we would table the KOCT issue and give them adequate time to come back with their plan. Mr. Reeser did indicate that between he and his Board they would look at coming up with a funding reduction plan. He believes it would be advantageous for us to allow them additional time to put together what they feel is an adequate funding plan. We will be sending them a letter indicating that we are electing to reopen the contract with them so we do have the ability to initiate those negotiations.

In regards to overall citywide reductions, we are recommending that we defer all non-safety vehicle replacements for an additional 2 years. That would mean all vehicles that are non-safety related would automatically have their vehicle life extended by an additional 2 years. We do recognize it may increase some of the maintenance costs but what we would do is capture the replacement costs for that period and do an interfund transfer back to the General Fund to offset those. The same goes for the police department. The police department is recommending turning in a number of vehicles and along with that would be a reduction in their annual operating costs and also their

replacement costs. We are crediting that back to the police department in regards to capturing the replacement costs.

The City spends well over \$300,000 a year on cell phones. We are recommending that 1/3 of those be turned in and that would capture an additional amount of savings. There is an additional item that the City's General Fund subsidizes and that's the public art for the Arts Commission. We are recommending, until such a time that the situation improves, that the \$25,000 be restricted. We have had meetings with the Oceanside Little League in regards to Ron Ortega Park, which is the only park we have that is exclusively used by one group. We have worked with them to take over all maintenance at that park. We don't have any other park like that.

Included in Neighborhood Services we currently subsidize the Sunshine Brooks Theater - we pay all of their utilities. We are recommending that they be responsible for their own utilities. Their contract is up. We have provided Council with information that we are recommending doing a one-year extension with them paying their utilities and then next year we would do a Request for Proposals (RFP) that they could participate in with the current operator or have other operators submit proposals to operate a community theater.

That's an overview of where we are. Council does have additional information in front of you, which has also been made available to the public. Council has a copy of all of the departmental slides. His recommendation is to take public input and then the Council can have some discussion and provide direction to staff.

COUNCILMEMBER FELLER asked what the time frame is for KOCT. He saw in the letter 40-50 days, but he thinks it needs to be done in 30 days.

CITY MANAGER WEISS responded we haven't had any real discussions. He thinks some of the issues that Mr. Reeser raised are going to require some coordination with Cox and AT&T. We still have some time before June 23rd and as we make progress we will certainly keep Council informed. He wouldn't want to restrict it to a specific time frame, but we will need to get Council the background information well in advance.

Public input

KAY PARKER, 4377 Albatross Way, reminded everyone that a few short years ago our crime rate was very high, our response times were unacceptable and we really didn't have any economic development. We have come a long way in the last few years.

She believes that Council's first responsibility and priority is for the health and welfare of the citizens. After that, the rest of the funding comes to the soft services. Oceanside, to its credit, gives many soft services to our residents. We know that the cuts that have already been identified are going to affect all of us. The greatest asset the City has is the people. They will step forward and we will fill the gaps. Today is the day that we need to stand and ask ourselves what we can do for the City, not what can the City do for us. She believes that if everyone comes together and understands the issues and the sacrifices, we will move forward to the brighter days that are ahead.

MARLENE CHABALA, 4141 Kimberly Lane, stated that the Oceanside City Employees Association (OCEA), which are your inspectors and clerical workers, the lower-paid positions, pays 3% towards the 7% of the PERS that the City pays, which is almost half, yet the fire department, which gets 9%, doesn't pay one cent towards their retirement. That's a lot of potential revenue the City is not receiving. According to the Memorandum of Understanding (MOU), the City contributes the normal contribution of 9% and that 9% will be included for the purpose of indexing total compensation towards the retirement. In other words if they made \$100 and the City contributed \$9, its \$109 that goes towards their retirement. They should be in the same boat as the other City employees and paying towards their own retirement.

BOB GLEISBERG, 1936 Palmer Drive, stated one of the things that is missing from balancing the budget is the labor component. We spend about 68% of our City budget for labor. Buried in those labor costs are your pensions. If your pension costs go up, you're going to have to cut someplace and that's one of the reasons we are here today.

For pension costs, in 2001 it was about 5.75%; in 2009 it went up to 16.2%. He reviewed the General Fund financial forecast for 2009-2015. In 2010/2011 the percentage of money going to pension costs goes up to 20% and in 2012/2013 it goes to 23%. When you get to 2014/2015 it goes up to 29%. When we get to 2015, of every \$100,000,000 coming in, we're going to give \$29,000,000 for pensions. He further reviewed the disparities with pension costs versus revenues, which is unsustainable.

TOM REESER, Executive Director of KOCT, showed a video they made that supported local KOCT public programming and the issues with a large budget reduction to their programming.

ROBERT NEAL, 109 Avenida Las Brisas, past President of KOCT's Board of Directors, is sorry that we are in this position and would like Council's indulgence to help them make the transitions that they are going to have to make to assist the City with their budget. It will take a little bit of time but the Board of Directors, along with the Executive Director and the employees, are standing ready to see what they can do to help Oceanside balance the budget and would like the City's help balancing theirs. They are going into this with a positive attitude and will do everything they can to keep KOCT on the air.

JACKIE CAMP, P.O. Box 678, read a letter she sent to Council about the benefits to the community that KOCT provides and her concern about cutting their funding.

JIMMY KNOTT, 127 Sherri Lane, would like Council to use the Healthy City Reserve Fund and use a portion of that with the stipulation that it has to be repaid. You can take ¼ to ½ of the interest off of the investment portfolio to slowly pay back the Reserve Fund.

We should have 3 budgets; an optimistic budget, a pessimistic budget, and an anticipated budget. Then when you get the actual figures in you can decide which one to go towards.

He passed around a proposal for the Oceanside Boulevard Steering Committee. According to the City Manager's proposal on the website, there is a move to eliminate all of the planning groups for Oceanside Boulevard. The committee doesn't want to see that shelved. The proposal is a structure put together by a majority of the committee to organize it at very little to no cost to the City to keep it going.

There have been complaints about the pension prices going up. That can be solved by simply doing flat dollar increases rather than percentage increases for every employee; the same across the board: the City Manager gets \$100; the lowest custodian gets \$100; no percentages. That would stop all escalations. Other suggestions are in his email.

GREG McKEEN, 2548 Cornwall Street, President of the North County Video Makers Club, and is here to ask Council to maintain the funding for KOCT. Their club members volunteer their talent and equipment to provide KOCT with videos of events, classes, celebrations and other functions that take place in Oceanside. KOCT provides information and entertainment that is uniquely Oceanside's. Oceanside needs KOCT.

TED MEYER, 39 Trinity Street, became a volunteer with KOCT in 1996 and has seen KOCT evolve to its present wonderful state. Another value of this station is that it provides young people with a hands-on experience that is only available at KOCT. He

believes the major budget cuts proposed for KOCT would do damage to the City out of proportion to its benefits.

ALAN PENTICO, San Diego County Apartment Association (SDCAA), 8788 Balboa Avenue #B, represents 2,400 rental property owners in the County, many of which own properties in Oceanside. In the City Manager's memorandum dated April 8, 2010, there is a reference to the fact that a significant portion of the budget shortfall is due to rising personnel costs and that the City's expenditures are expected to grow by an average of \$2,000,000 per year over the next few years, primarily to employee's salary and retirement benefit increases. We recognize that these expenditures must be the priority before any adventure into additional revenues is explored further. There appears to be a lack of consensus among the Councilmembers on 2 recent attempts at pension reform but similar efforts should be continued until this unsustainable drain on the City's resources can be resolved.

We see it as a disparate impact on renters as well. The SDCAA specifically opposes the proposal to add a fire inspection fee because property owners already help pay for these services and other services via their property taxes and business licenses. These increases must ultimately be passed on to renters in the form of higher rents. He feels that all new and increased fees should be properly presented to the public, which would include an appropriate fee study that wasn't done for the fire inspection fee and explain what the inspection fee includes.

CHRIS CATE, San Diego County Taxpayers Association, 110 West C Street #114, San Diego, stated that the staff report provided states that the City is experiencing a rise in personnel costs, primarily due to salary and benefit increases. Last week there was a discussion on the need for pension reform within the City. The report provided today does not provide any outcomes or ideas regarding how much savings can be achieved through pension reform. Even though PERS is not the only item in the budget, it is the fastest growing item and needs to be addressed, especially in times of a budget deficit.

We believe the Fire Chief's proposal for regionalization and consolidation is intended to continue providing a high level of public safety services while reducing costs for each respective city.

San Diego County Taxpayer's Association does support cost recovery fees, but only after labor costs have been reformed and a proper fee study has been conducted.

BILL HARMS, 4876 Thebes Way, supports KOCT not only because of the entertainment value but also because of the great amount of local information.

PHILIP COHEN, 409½ North Ditmar Street, is a regular user of the Brooks Street municipal pool and implores Council to maintain the existing hours for lap and recreational swimming to foster mental and physical health. With obesity becoming an epidemic, health care costs on the rise and the stress of daily life growing each day, an outlet that is accommodating to a greater age range than any other physical activity is necessary. The pool provides a safe haven for our children and operating hours must be maintained to insure they have access. Maintaining our community pool also provides low-income families one of the only safe and affordable recreation activities available for them. Their health and the health of our community relies on maintaining these critical services.

The City commissioned new quotes for the costs of chemicals and supplies to take advantage of the current market conditions. He reviewed other ideas to cut costs. Lap swimming costs were raised from \$120 to \$200 per year, which was deemed necessary to keep up with rising costs. There are only 50-75 people who pay a yearly fee and if hours are reduced, this revenue will drop significantly.

Tough times like these call for innovative thinking and solutions. With ingenuity we can work together to maintain and strengthen City services. The Brooks Street

Municipal Pool is a critical service that ripples through our community.

ROBIN VARELA, 5140 Baywood Circle, stated the Brooks Street Pool serves as a valuable resource to our community. It's demographically diverse group of individuals often frequent the pool; old, young and all ages in between.

It isn't just about aquatics at the pool it's also about friendships, etc. There are also disabled individuals who rely on the pool to maintain their health. If any of them aren't there we call them and find out where they are. It has enriched her life and many other lives.

She understands the need for the City to trim an already overstretched budget. She is asking Council to seek alternative ways to save money. She doesn't mind paying the higher fees if necessary.

RAQUEL CORREA, 4837 Seascape Drive, is here in support of the READS program, which has impacted her life tremendously. Her husband has been enrolled in the program for the past 8 months and his transformation has been tremendous. All of the little things that we take for granted, such as writing a letter, answering a text or writing a check, he was unable to do. Now for the first time in 43 years he was able to go to the store and write his first check, etc. Please keep the program open.

BEN SCOTT, 516 South Horne Street, has been a member of the Brooks Street Pool for at least 20 years. The benefits of the Brooks Street Pool can never be judged by budgets and dollars and cents. His doctors have encouraged him to continue swimming to maintain his health. He asked Council to look elsewhere for cuts.

ALMA SISCO SMITH, 5059 Dassia Way, is speaking as a tutor of the Oceanside READS literacy project. Several of the tutors have written letters. When they learned that the literacy project was likely to be cut by about 60% of its budget, they asked Deborah Polich to look at her budget and see if there was some way to at least restore the cuts to the position of the Coordinator. It was, in their opinion, impossible to continue to have a vital and effective program without that position being maintained. However, in maintaining the position there were still cuts that were going to be required and they were asked to step up to the plate and volunteer to do some additional activities beyond their role as tutors. They were asked to step in and take care of the things that were being done by part-time help who would no longer be on site. We agreed to do that.

Literacy is a universal problem. Please maintain this project. Also, if the budget turns out better than expected, that they have some part-time support at least for the first few months of the next year.

PHILLIP NEEDLEMAN, 2717 Mesa Drive, Arts Commissioner, thinks KOCT is a valuable resource that makes Oceanside a unique community.

Public art is not a primary budgetary consideration but public safety is. He understands that drastic cuts need to be made in some places. If public art is the thing that needs to go, we can work around that and find private financing to move forward. Council needs to think hard when making public safety decisions, specifically police, fire, ambulance, beach and harbor clean up. Tourism dollars are a big part of what funds this community and if our beaches are not beautiful at 7:00 a.m. those tourist dollars are going to start drying up.

He believes we should train our City staff to do their jobs so we don't need costly outside consultants. Some of the beautification projects should have stopped as soon as we saw these problems coming. Council needs to stop bickering and grow up. You cannot make your policy decisions based on vendetta politics. Enough already. The City faces some significant problems and we need the Council to have a unified front to work through this as a community. Please base your decisions on what makes the best sense for everybody in the City.

REX MARTIN, 306 Benevente Drive, Arts Commissioner, addressed the budget cut that will take away all funding for the Arts Commission. The Vision Statement for the City includes fostering cultural arts. We feel that the Arts Commission impacts the City in positive ways, generating economic stimulus through their activities. He named some of those activities.

He read a quote from Councilmember Jerry Kern in November of 2007, to not only incorporate art into the City's landscape and building designs to create enjoyable and vibrant public spaces, but also encourage the arts throughout our community; art has its potential, a tremendous vehicle to achieve our economic goals.

NADINE SCOTT, 550 Hoover Street, gave KOCT \$500 last time she was here and challenged anybody to pay and support what the taxpayers want. It's not happening. Right now what Council is discussing are cuts to our libraries, pools and recreation opportunities. She sees more raises and large retirement benefits. Council should have the City Manager straighten out his management skills and get a professional labor negotiator in that chair. She is offended that vital services are being cut for the residents and yet Council won't ask for cost recovery on everything in this city. The elected live here, it's required by law but the rest of you who don't live in this town are cutting all of our services by not giving something back. Staff can offer furloughs, refuse raises, reopen contracts. Something is wrong when you aren't directing your City Manager to take a strong line and start getting rid of the fat at the top with employees paying more into their PERS.

GWEN PRICE, Chairperson for KOCT Board of Directors, believes KOCT is a valuable asset and resource for our City. Historically, when times become economically challenging, the first cut that businesses want to make is to their advertising budget. The reality of it is that you need to advertise, promote and stay in the spotlight while all of the others fall back. That's what KOCT does for Oceanside.

All non-profits are welcomed and encouraged to post their fundraisers and meetings on the TV station bulletin board for free. Goodwill eventually converts to dollars. We understand economics and Council's dilemma and hope Council understands that the drastically proposed budget cuts for their TV station is not in the best economic interests of Oceanside.

DONNA MCGINTY, 2405 Mesa Drive, believes that Teri Ferro and Peter Weiss both have the background that it takes to run the City financially. She doesn't think any of the Councilmembers have Master's Degrees in public agency finance management. She would suggest that Council leave the department heads to the job.

She thinks KOCT is being cut in lieu of a library remodel for \$578,000 that we don't even need right now. Are all of the Councilmembers giving up their discretionary spending funds?

The Grand Jury came to Oceanside because she squawked. They came and told Council that you don't know how to manage money real well. You only know how to give it away and you have no interest in getting reports back from the very people you give money to. Consequently, the Grand Jury found out that you don't know how to ask for information about where the money went. She believes that makes Council financially and fiduciarily irresponsible. She would suggest that Council leave the department heads and Peter Weiss to the task of doing what needs to be done.

KAREN WILLIAMS GRAHAM, 1669 Avenida Oceano, Arts Commissioner, stated the Arts Commission works to try to beautify the City. They also give money to projects that will help children enhance their hidden talents. Her daughter participated in all of the volunteer arts programs and became the singing voice of young Nala in the Lion King movie. She urged Council to give other students the chance to enhance their talents.

ANDREA SPOLIDORO, 3621 Vista Campana South #81, stated services should not cannibalize each other. We shouldn't pit the library against the television station or the police department. We need these services for the residents. She volunteers with the Oceanside READS literacy program. It is up to Council in their discretion. She hopes Council can find it in their budget to give as much support as you can to each program that Oceanside offers.

PAULETTE McNEAL ROBERTS, 3681 Via Bernardo, is an independent producer who has produced a show on KOCT since 2005 for Bayview Baptist Church. She read a letter from Pastor Timothy Winters of Bayview Baptist Church in support of KOCT and their funding.

GWEN SANDERS, 4215 Galbar Street, is asking Council to not cut the funding on KOCT. There are shut-ins that would have no other way of knowing what's in their city other than what's been televised. It brings citizens together to know something about their friends and neighbors.

ELAINE SWANN, 213 Levant Way, hosts one of the shows for KOCT - Oceanside Spectrum. Part of the way to get the information out is to use the means of media. She thinks it's important, with everyone cutting back, to look at the purpose behind having KOCT. The station belongs to the people. KOCT serves the citizens. We are here for the City and we would like the City to be here for us.

Public input concluded

MAYOR WOOD has never seen a budget situation quite like this in California. He thought Oceanside and the State were doing pretty well up until a couple of years ago. We were the booming community in San Diego. Our image here had changed from the crime-ridden military town. Times have changed and we've seen a lot of building and input.

To address the economic issues, it's worldwide, nationwide, statewide and here in the communities. We didn't ask the State to take \$14,000,000 of taxpayer's money away from us. We didn't expect or plan for the sales tax and property taxes to go down. That's why we're here now trying to cut another \$8,000,000 out of the budget. We have to have a balanced budget or we can't be a city.

He's heard everyone. It's a budget situation that we have to address. Being here since 1954 and being a City employee for 31 years before being elected to Council, these people that we're looking at cutting are friends. It's not easy. All of that goes to the City Manager. Council only approves the budget.

The City Manager also understands that the main goal is to provide services to everyone. The big issue seems to be getting financing. We have 29 major projects that could go forward in the City that would provide jobs, but they can't get financing. When someone tells him not to cut something, he would appreciate them making a suggestion where it should come from. To save something you have to cut something else. It really comes down to providing public safety first. Pension system reform needs to be done statewide, not city-by-city because they won't function well otherwise. He thinks we already understand individual departments because we hear about them daily. Council has until June 30th to make a decision. He would like to revisit some of these things and ask more questions.

COUNCILMEMBER KERN thought the back-up material was confusing because each department came up with a different format of their cuts. For clarification, he asked Police Chief McCoy with respect to the vehicles it seemed like you listed them twice with 2 different numbers and then you add them together to come up with a number. He doesn't understand what's happening there. On the opening page of the Chief's memorandum are patrol vehicles and unmarked vehicles listed twice, etc.

CHIEF McCOY responded that the graph does show the numbers twice;

however, what he did was added the numbers across and also down. So actually the number, even though it's twice, if you look at it is showing a patrol vehicle loss of 5 vehicles and shows a fully loaded cost of ongoing money that will be saved from reducing those vehicles to \$138,193. Continuing across you will see the total is \$138,193. The total on the far right side, carrying that all the way down, is the total for our reductions. He wanted to show that there are some ongoing cost savings and there are some one-time cost savings.

COUNCILMEMBER KERN understands then that police is cutting \$1,900,000 total for this year.

CHIEF McCOY responded that was given on this memorandum and he knows that the City Manager carried some of that for the one-time money into a few year period. He's not exactly sure but he believes it is \$1,200,000 at this time.

COUNCILMEMBER KERN asked if that's their fully loaded ongoing money.

CITY MANAGER WEISS stated as the Chief mentioned, in the Budget Reduction Plan is the ongoing savings of the \$1,200,000. What we did with the one-time money is that we allocate that at \$150,000 per year. Since it's one-time money we can't count it for ongoing operating costs so we're going to use it over a 4-year period, which would then count as more of an operating savings.

COUNCILMEMBER KERN referenced on page 4 of our 5-year budget forecast, under forecasts and graphs, it shows our 5-year revenue and on the second line it says overtime, extra help and other. We have a flat \$7,800,000 all the way across for overtime, extra help and others. He'd like to see a breakdown of what the overtime is by department. Also, as far as temporary employees, are they here on project-specific reasons and, if so, when are those projects going to be deemed complete? He doesn't think that having that flat fee all the way across is a realistic number. Hopefully those people can complete whatever project they are on. He requested the information in a couple of weeks.

CITY MANAGER WEISS replied that a number of employees in the library are not temporary, they are ongoing even though they are hourly, extra help. The same goes for lifeguards. We will get that information to you.

COUNCILMEMBER KERN stated in Neighborhood Services part of their report shows they are deducting for cell phones and then we have cell phones listed as a citywide reduction. Are we counting cell phones twice, in the departments as well as citywide?

CITY MANAGER WEISS responded no. The cell phone deduction in the Neighborhood Services Department doesn't show up on their total. It shows up as a separate citywide reduction. If you look in the recommendation part, it doesn't include that.

COUNCILMEMBER KERN finds it very odd that Human Resources, under the General reduction it says \$36,000 but when you go back and look at their staff report, they are showing like \$108,000, and they are deducting for a staff position that they eliminated in October and now they are showing it as being eliminated this year. How many times are we going to eliminate the same position and count it?

CITY MANAGER WEISS replied it showed as less money and he would not let them count it twice.

COUNCILMEMBER KERN responded good. That was really glaring. We need to make sure that the numbers that we are getting are not duplicate numbers.

CITY MANAGER WEISS replied that is why it's been consolidated in the Budget Balancing Plan. The back-up information by department was provided for your

information. Those redundancies were not provided to you in the recommended Budget Balancing Plan.

COUNCILMEMBER KERN hopes as we go on we'll get a clearer number. Just so the public knows, our 5-year projections for revenue are flat. The good news is it's not going down anymore. We've estimated \$104,000,000, but it's going to be \$104,000,000 for the next 5 years, which is our budget baseline amount. The bad news is it's not going up anymore. So we have to hit this budget target of \$104,000,000 every year for the next few years and we have to take into account our rising costs of personnel. Even with cutting positions our labor costs keep going up so we will have this same discussion next year because our revenues are flat. It is a difficult time.

MAYOR WOOD asked Mr. Weiss to explain to people who came late about the letter we got from KOCT.

CITY MANAGER WEISS responded that KOCT had submitted a letter to us asking for additional time to prepare a Budget Reduction Plan in lieu of what he was recommending. He believes Council has deferred to allow them to do that. At this point we are not going to be talking about KOCT. We will be waiting for them to return with their Budget Reduction Plan.

COUNCILMEMBER SANCHEZ wanted to listen to everyone. This is the community's budget. We all want to do the best that we can; we are a family in Oceanside. What the City provides is service to its residents.

Growing up in Oceanside she recalls some of the bad times. Growing up in Eastside she remembers the streets being dirt and not paved. She remembers going to the library and Brooks Street Pool. She also remembers how important it was to be literate. Her mom went to school for one year. She wanted her kids to have that education.

She reviewed some good things in the last 10 years; we built a second senior center, Max Buchanon Park, we built a permanent bridge at the harbor and built a new veteran center. We aggressively took on crime and response times. Things were bad 10 years ago. We have worked hard as a community. We have spent money and invested in the citizens. There are still things we are working on. We've come far in permitting our dream beach hotel. We still want to make sure that gets built. We've come close to building a major shopping center at the drive-in theater site. We're still planning a Costco.

When the economy was good, we all celebrated in the things that we could do. We continue to have vision.

There was a news article saying Oceanside is just as bad as Escondido financially. We are not. We are doing pretty good, but we are looking at a time that we need to figure out how to continue to provide services with less money. She has been meeting with people and she and the Mayor have met with different people. She believes, for example, that our police and fire want to help. They are in negotiations. It's not something that we as Councilmembers can get involved in but she does feel that there is a commitment there to help our City at a time that we need help.

We are looking to see how we can continue with KOCT. KOCT is important to the City. She's not ready to make any decisions tonight because she sees positive things happening. She wishes to direct staff and the City Manager to meet with police and fire and the other City associations because she believes that together we will be able to weather this storm. She wants to save as many jobs as possible. She feels positively that we have a commitment by our employees, residents and volunteers.

She would like to continue this for about 30 days. She is still in the process of talking to different individuals/different departments. This is a critical time and she cannot make a snap decision. Our deadline is June 30th but she would like to come back

at the end of May. She is hoping that the goal that we have is for a consensus on a budget, a budget that will continue to provide the services that our residents need.

MAYOR WOOD agrees with Councilmember Sanchez. With the comments tonight, it's hard to make a decision on where the cuts should be when we have the potential of getting some further input on how to address the budget from employees groups and other sources, including the things we talked about earlier with KOCT. The City was involved earlier before we even got to this point trying to resolve some items and for those nice-to-have things like KOCT. He is supportive of KOCT. He knows we have to have a balanced budget soon, but he thinks there are a lot of options here. We have employee groups that may want to talk on some of these issues. Police and fire have made comments to Council that they understand people are hurting and they are willing to work in the system to try to make things better for everybody in the City. He knows the City Manager is moving in the right direction and we can consider this towards the end of May.

COUNCILMEMBER FELLER stated we've been scolded here; we are all trying to do the right thing for the City. He asked if the Brooks Street Pool cuts were off the table.

CITY MANAGER WEISS responded it is his understanding there will be no changes to the Brooks Street Pool hours.

COUNCILMEMBER FELLER asked about the READS program update.

DEBORAH POLICH, Library Director, responded yes, since the initial proposed Budget Reduction Plan was submitted to Council, she did have an opportunity to meet with the literacy tutors and come up with some alternative option for the literacy program that will involve a greater participation by the volunteers and tutors. So in your budget presentation PowerPoint it does show that the Literacy Coordinator position has been retained. The hours will be reduced somewhat but with the commitment of the tutors and volunteers; we feel we can still have a strong and viable literacy program.

COUNCILMEMBER FELLER asked how many employees are in Water Utilities.

LAUREN WASSERMAN, Interim Water Utilities Director, responded there are 144 full-time employees.

COUNCILMEMBER FELLER has a couple of thoughts on parking downtown. Right now our parking passes are \$100 per year for certain lots. He would suggest that instead of the parking meter fee increases, you probably could offer those passes throughout the downtown.

He is still not sold at all on the fee recoveries that we have talked about. He's going to let the City Manager go forward with whatever he has to come up with for a balanced budget.

The Water Department pays for itself, is that correct? What other departments pay for themselves within the City.

CITY MANAGER WEISS responded yes. He doesn't know that we could identify by department but we do have programs that are revenue neutral that would include, for example, Parking Enforcement. Development Services is 84% self-sufficient. If you would like that information, we could provide that to you.

COUNCILMEMBER FELLER stated we heard that development doesn't pay for itself. The developer of Arrowood built close to 1,000 homes, completely redid Vandegrift Boulevard, built a park and a public golf course. They did a pretty good job of paying their fair share.

He asked how much our reserves were 3 years ago at this time.

CITY MANAGER WEISS doesn't have the exact number but he believes we had available \$25,000,000.

COUNCILMEMBER FELLER asked how much do we have now.

CITY MANAGER WEISS responded we still have \$14,500,000 in your Healthy Cities and \$800,000 in your unallocated.

COUNCILMEMBER FELLER asked if the \$14,500,000 is included in the \$25,000,000.

CITY MANAGER WEISS replied yes.

COUNCILMEMBER FELLER thought it was higher than that. He asked if all of the employees in the City paid their portion of their retirement, how much savings would that be to the General Fund.

CITY MANAGER WEISS believes the estimate was about \$3,500,000.

COUNCILMEMBER FELLER commented that's a lot of programs and job savings.

Regarding Finance's cost recovery on Page 3, how long do we have to collect debt and what is the timeframe from when it's incurred to the City from residents, parking, etc. When do the calls start getting made and how long do we have to collect before we pass it on to a collection agency?

TERI FERRO, Financial Services Director, responded right now the City has not put much effort into doing collection recovery. We do collection recovery on our utility billing, ambulance billings and parking citations. She believes after about 90 days, if we do not have success or a repayment plan, we do send it to a collection agency. Part of our restructuring, we are going out on a Request for Proposal (RFP) for a new collection agency. We will bring that to Council in a couple of months. We are putting a lot more criteria in there. The proposal before Council for her department is to beef up our staffing to be more pro-active on that. She believes if we do much more follow up ahead of time and work out payment plans with our debtors, we can retain more of that revenue rather than passing it on to a collection company.

COUNCILMEMBER FELLER is concerned that debt is going to be really hard to collect going forward.

DIRECTOR FERRO agrees and our estimates were a very conservative 8-10% collection rate.

COUNCILMEMBER FELLER stated in the back-up on page 4 under outside agencies, the Humane Society is not being reduced at all; that's \$788,000. What is legally required to be paid for the Humane Society?

CITY MANAGER WEISS responded we are looking at alternate service providers and working with neighboring cities to establish both the control and boarding side but we have not gotten to the point where we have been successful in that. Council did approve the Humane Society's contract through the end of this year. We are working with them to try to reduce those costs but it's unlikely that we will be able to do so.

CITY ATTORNEY MULLEN stated the contract that Council approved was along the lines of the bare minimum that was required under the law.

COUNCILMEMBER FELLER stated a couple of months ago we cancelled the Oceanside Boulevard planning process. Was there money in that and, if so, how much?

CITY MANAGER WEISS responded yes. He believes there was \$600,000 available for the landscaping project. That money is still available and can be reallocated to other programs as you need. For the planning process, there was additional money as a match between the City and the developer. That money has been put back into the reserves as part of the \$800,000. There is a loss of a position that goes along with that that will be ongoing savings.

COUNCILMEMBER FELLER asked if the \$600,000 is not going to be used for landscaping, does it need to be used for maintenance of effort?

CITY MANAGER WEISS replied it is General Fund money. It was allocated for maintenance of effort for TransNet. We have been working with SANDAG and looking at reallocating other projects to meet that maintenance of effort. He doesn't know if we will meet that this year, so we may end up losing TransNet money as a result of that. That \$600,000 is one-time money so if Council divides it up over a 4-year period, you would have an extra \$150,000 per year.

COUNCILMEMBER FELLER has heard the stories from the employees as well as the contact he's had with them and sees how this affects their families. It's a serious issue. He's very familiar with it in his own family but City government has to balance their budget and we have to figure it out. This is going to be the toughest time in this City's history and dark days for programs and service if we don't get the budget under control.

He thinks the citizens will be sincerely indebted to the employee groups that come forward and offer to pay their portion of their own retirement. It's not a pay cut. He challenged the City employees to help us figure this out for the greater good of this entire City. He will wait for the City Manager's balanced budget.

COUNCILMEMBER KERN wanted to clarify with respect to the \$7,500,000 in overtime, when do these positions expire and can they be eliminated. He would like to get that from the City Manager within a 2-3 week period when he reports back on that.

This has been a hard time and Councilmembers have all struggled with this. We all need to pull together and he thinks we all will. We have to balance our budget and he doesn't want to wait until the very end to find out what the balanced budget is.

He suggested that the City Manager bring back a balanced budget based on our current revenue projections and have that back to Council by June 1, 2010.

COUNCILMEMBER FELLER would support that.

COUNCILMEMBER SANCHEZ was thinking maybe Tuesday, May 25th. This is something that we all want to give our input to. She doesn't think it's doom and gloom. She feels very optimistic that we can come up with something.

She wanted to thank the employees, because this is not the first round of lay-offs. We already have people working double time because that other person is not there. Plus the health care costs are higher. In effect, people are working hard and it is their commitment to Oceanside that she sees every day. Let's work together and give the City Manager our ideas and contribute to help make things happen.

She wants to work with the City Manager and the City Attorney in coming up with a balanced budget and come back May 25th.

COUNCILMEMBER KERN clarified that we will have the balanced budget back by May 25th so Council can digest it. He would say no later than June 1st.

MAYOR WOOD supports that. Council generally understands the departments. We also want to wait and use this extra time period to talk to some of you. He has

talked to people from different departments. So this is going to be continued to another workshop date to give Council more time to talk to people and explore other options.

There is an item on the next agenda regarding an agreement with Waste Management. Hopefully all of the Council can come together on this. It might help the budgetary situation.

CITY CLERK WAYNE asked if we are scheduling another workshop for the 25th or are we leaving it up to the City Manager to determine when he wants to bring that back.

COUNCILMEMBER KERN thinks we ought to keep the date open and it will be up to the City Manager and the Mayor to set a workshop if need be.

2. **Public Communication on City Council Matters (off-agenda items)**

JIMMY KNOTT, 127 Sherri Lane, stated plans are being developed by surrounding cities regarding AB 32 and SB 375, the sustainable community strategies and plans and also development of new sustainability commissions. This is required under mandated law. It will affect our City's rights under Planning, Housing and California Environmental Quality Act (CEQA) and it will cost our City. It's due to start by December 31, 2010. 20% of our energy use needs to be renewable resources. We need to look at inviting SANDAG's rep to help us along with this process.

ADJOURNMENT

MAYOR WOOD adjourned this meeting of the Oceanside City Council at 6:16 PM, on April 28, 2010. [The next regularly scheduled meeting is at 3:00 p.m. on May 5, 2010.]

ACCEPTED BY COUNCIL/HDB/CDC:

Barbara Riegel Wayne
City Clerk, City of Oceanside