



California

ITEM NO. 5

CITY OF OCEANSIDE

MINUTES OF THE

CITY COUNCIL

WEDNESDAY, FEBRUARY 4, 2009

ADJOURNED MEETING 9:00 AM COUNCIL CHAMBERS

Mayor

Jim Wood

Deputy Mayor

Vacant

Councilmembers

Jerome Kern
Jack Feller
Esther Sanchez
Rocky Chavez

City Clerk

Barbara Riegel Wayne

Treasurer

Vacant

The adjourned meeting of the Oceanside City Council was called to order by Mayor Wood at 9:02 AM, Wednesday, February 4, 2009.

PLEDGE OF ALLEGIANCE -- Led by Mayor Wood

ROLL CALL

Present were Mayor Wood and Councilmembers Chavez and Kern. Councilmember Feller arrived at 9:04 AM. Councilmember Sanchez was absent. Also present were City Clerk Wayne, City Manager Peter Weiss and City Attorney John Mullen.

WORKSHOP ITEM:

1. **MainStreet Oceanside FY 2009-2010 Planning, and 4th of July Activities**

JANE McVEY, Economic and Community Development Director, stated that, last summer when we brought forth the MainStreet budget, Council concurred to have a workshop to philosophically discuss the kinds of programs that MainStreet is doing, the mix of programs, some new programs they might like to see, etc. This workshop is for Council to dialog with MainStreet about these items. We have several items and decision points.

Regarding the 4th of July, MainStreet activities are a small part of the overall 4th of July. Staff would like some direction that Council is in agreement with the November 4 memo or whether they wish changes. Another consideration is the fireworks. Staff needs Council's direction on: 1) the big picture of the 4th of July, 2) the fireworks, and 3) the activities on The Strand.

The history of MainStreet and the proposed workplan will be discussed as well.

FRANK McCOY, Police Chief, stated from the Police Department perspective, the plan we had in place for the 4th of July in 2008 was very successful, with positive feedback from the community. For this year we would like to mirror the same plan for the upcoming 4th of July to include eliminating the carnival, eliminating the street fair, schedule the Samoan Cultural event to another weekend, convert a portion of Betty's lot into a resource area to increase the number of portable toilets and large trash bins, have the public safety zone, have restricted vehicular access and prohibit skateboards, bicycles and dogs on The Strand. We would also like some type of activity at the Tyson Park/Seagaze Park area and again contract for additional police services to assist.

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MEETING BY CITY COUNCIL**

MS. McVEY commented that staff would proceed with those plans, hearing no changes from Council. Regarding the fireworks, in the memo it shows that the cost of the fireworks is approximately \$40,000, which includes \$15,000 for a barge. There were \$5,358 in contributions last year, and that still is available. If you chose to do that, Council could take an additional \$5,000 from the General Fund, \$5,000 from the Redevelopment fund and try to sponsor something on Camp Pendleton. However, she has since been in contact with Camp Pendleton, and the funding source they use — if we were to combine our money to make one big fireworks show — would preclude their acceptance of that, other than as a sponsorship. They display the same amount as the City and are orchestrated with the radio. So a contribution could not be made, but a sponsorship could be done. There were also some concerns with the traffic moving north. The other option is to have a hiatus this year due to the budget constraints. A Council decision is needed since the barge/fireworks need to be contracted by the end of February.

COUNCILMEMBER CHAVEZ was impressed with the plan last year. He gave this a lot of thought. In these economic times, it would be best to encourage people to be with their families and not have the fireworks. We are going to have to make hard decisions in our budget, so we should save the money and not do the fireworks.

COUNCILMEMBER KERN asked how that would affect what the police do if there were no fireworks.

CHIEF McCOY stated the plan will not change whether or not we have fireworks. The benefit of not having fireworks will just mean that there will be some cost savings by allowing our employees to go home sooner because the beaches will clear out sooner, but it will not change the plan regarding staffing levels, etc.

COUNCILMEMBER KERN stated we have had fireworks for so long and asked how we will notify the inland people and all those that regularly come here.

CITY MANAGER WEISS responded that, if it is Council's preference to not have the fireworks, we would commit to a public outreach campaign to advise people. People will be coming to the beach anyway.

COUNCILMEMBER KERN agreed with Councilmember Chavez that we are looking at some very tough times. At the SANDAG retreat last week, the phrase the economist used was that we have more pain ahead of us than behind us. So we will have to spend our money wisely, and fireworks are not the best expenditure this year. When times get better, they can come back.

COUNCILMEMBER FELLER noted that according to the report, the whole event cost \$349,000 including fireworks.

KATHY BAKER, Redevelopment Manager, responded the internal departments equal about \$218,000, and the MainStreet contract, as well as outside security, extra port-a-potties, trash, etc. added up to about \$91,000. The fireworks are about \$35,000. She thinks the \$349,000 amount is pretty accurate. The MainStreet budget came in about \$20,000 less.

COUNCILMEMBER FELLER asked about the cost for this 4th of July if there are no fireworks.

CHIEF McCOY responded that from the police perspective it will cost around \$100,000 for overtime for police officers as well as bringing in some outside help. Keep in mind the 4th of July is the busiest day of the year for the Police Department. We have over 150,000 people from outside our community at our beaches, and it is a mandatory work day for all personnel in Police to meet those needs. The other associated costs, if we backed out the fireworks, are approximately \$290,000. It is important to understand that the 4th of July will be a cost for our City.

COUNCILMEMBER FELLER asked what precludes us from having the 4th of July parade actually on the 4th of July.

MS. BAKER responded that MainStreet historically held it on a separate weekend because apparently the parents of the children performing in the parade wanted to do other things on the 4th of July. It was difficult to book the local bands, etc. It would be nice to have them together because of cost savings, but on the other hand the 4th of July is already so huge for them, that having to control a parade and the influx of people might be overwhelming.

COUNCILMEMBER FELLER stated it would be nice to have it on the 4th; so it will be on June 27.

MS. BAKER responded affirmatively.

CHIEF McCOY stated that from his perspective, with the staffing plan we put in place last year, we can accommodate having the parade on the 4th of July because of the amount of personnel available. We would need additional planning, but we could look into that.

MAYOR WOOD stated that with Camp Pendleton still having their fireworks, people in Oceanside will still see fireworks at the extreme north end of the City. So, out-of-town people will come in and might still stay late with those fireworks. As the steward of the City's money, we will have to pass on fireworks for obvious reasons. Our job is to first provide the services. The State's budget is unpredictable as well. We would be wise to be cautious about this.

COUNCILMEMBER CHAVEZ stated people will still come here because of the beach, and businesses need that. He concurs with Councilmember Feller that it would be nice to have the parade on the 4th of July. Since we are not having the fireworks, it would make a statement that the City is celebrating and would be better for business and the police.

CITY MANAGER WEISS wanted Council to keep in mind that starting at 6:00 AM on the 4th is when we close all the streets west of Coast Highway to resident traffic only. So with the parade on the 4th, there would be logistical issues to work out. If that is your direction, staff will meet with MainStreet to see how we could make that work.

MS. McVEY stated that all affected staff can meet with MainStreet after this workshop to see if it could work to hold the parade on the same day, and we can send a pass-through memo to Council.

COUNCILMEMBER KERN noted that with the fireworks at Camp Pendleton, it could shift some of our planning since everyone will go to harbor beach. That needs to be considered. Regarding the parade on the 4th of July, it sounds better but it is a Freedom Days parade on June 27. We can make it a week-long celebration and can plan other events for the weekends.

Further discussion was held on the traffic plan and vehicular restrictions of traffic west of Coast Highway.

MAYOR WOOD wanted everyone to understand the tough times. The cuts will not come from services but other areas, so we need to be prepared. It is hard to do a budget not knowing what the State will do. We will consider the priorities and not necessarily the entertainment, etc.

CITY MANAGER WEISS confirmed that staff has the Council's direction for no fireworks. We will review with MainStreet and the affected departments the issue of consolidating the parade for the 4th of July.

MS. McVEY stated that, in the November memo from the City Manager and Police Department, it was recommended for public safety purposes that The Strand area be programmed. The Strand area was programmed, and there was \$70,000 paid to MainStreet to do that. It was pretty successful. Due to monetary constraints and for public safety reasons, we have recommended that there are 2 main areas and a third potential that need to be programmed: Tyson Park and Seagaze Park to avoid congregation. Staff suggested \$25,000 and added that the Harbor and Beaches take

over a cost of \$10,000 added to their budget to add port-a-potties and trash. That money was included last time in the MainStreet money. Because so many are rented at that time, the City can get a better price on it. Harbor and Beaches and Public Works would deal with the infrastructure needs, and MainStreet would assist in programming those 2 areas and potentially the amphitheater, with assistance from Parks & Recreation. Staff is asking if Council would like to program that area and if they are agreeable to a smaller area than was programmed before for a reduced price to get the minimum amount the police chief needed.

CHIEF McCOY noted it is a tremendous benefit for us to have some type of activities in the Tyson/Seagaze parks areas. It enhances our abilities to keep a safe environment.

COUNCILMEMBER CHAVEZ agreed with the plan and the recommendation.

COUNCILMEMBER KERN felt it was critical to have something at Tyson Park. Having something along The Strand, such as food vendors, and whatever programming captures the people there. He asked what the idea is for the bandshell.

TERRY GOODMAN, Special Events supervisor, responded that the bandshell could be programmed by either MainStreet or the Samoan Cultural group. They could do some shifting of activities; they stated they could do some scaled-back performances that would occupy the space. Those are 2 options.

COUNCILMEMBER KERN felt this should be a family-friendly day, and he agrees with the plan.

CHIEF McCOY would not be in favor of having the Samoan Cultural event on the 4th of July. They prefer that on a different weekend.

In response to Councilmember Feller's question on the comment of scaling back, **MS. McVEY** stated there were activities spread out over a broader area. The recommendation is to have a priority area programmed, which would be all of Tyson and Seagaze Parks, and secondarily try to find additional food vendors, activities or entertainment in the amphitheater area.

MAYOR WOOD thinks having other vendors that have something related to young kids is a priority in both those locations in order to be family friendly and target the youth at Tyson and Seagaze. He understands why we are not having the cultural events that weekend due to past problems.

CITY MANAGER WEISS heard Council's general consensus for the staff recommendation on scaling The Strand area improvements, so they will implement that as well.

MainStreet Oceanside

MS. BAKER briefly reviewed the history of MainStreet Oceanside (MSO). In February 2000 the Downtown Business Association (DBA) presented a basic MainStreet program concept to Council. The purpose of the program was to assist in commercial revitalization based on building an effective volunteer base, and was organized by State guidelines for the national mainstreet principles, which is a 4-point approach: design, economic restructuring, promotion and organization. Basically MSO's goal has been to preserve the downtown, to act as a liaison between the City and the downtown business community, to promote downtown to residents and visitors alike, to provide opportunities for the downtown businesses, and to conduct special events for the benefit of the downtown businesses and City residents.

The initial funding for the first 2 years [2000-2002] was \$100,000, and it was to decline each year. Then the thought was that MSO could become self sufficient. However, we found that to be unrealistic. Shortly after that, the California Downtown Association conducted a survey of 41 different downtown organizations, and they concluded that the primary funding source for most of these were assessment districts, which we have talked about for years. The second largest funding source was city

revenues, and the third was special events. That was the direction we were trying to go with MSO, and we continue to do.

There was the reduction and ultimate loss of the O-Fest event. It used to be on Pacific Street over a 2-3 day period. With new development in the downtown and the concern over public safety a few years ago, it was decided to scale it way back with elimination of the carnival and other events. Ultimately last year it was all moved to The Strand. That was one of MSO's largest event revenues at the time. With that, the City in turn had to increase the funding to MSO. In 2007-08 the City increased their funding to \$100,000, and Council approved an amendment for an additional \$100,000 to establish the Sunset Market, which is very successful. A second amendment was made later that year for an additional \$50,000 to program activities on The Strand.

In 2008-09 the MSO contract was approved for \$190,000, with about \$30,000 for things associated with the 4th of July activities of the prior fiscal year. At that time they also asked for an additional \$160,000 for the 2009-10 budget; however, Council wished to hold this workshop before any further funding commitments were made.

Several MSO events have been successful, such as the growth of the Farmer's Market, the new Sunset Market, the new pier sign, Dia de los Muertos, the Developer Forum and beach services. City staff has been working with MSO to come up with some real costs for their programs and events. These budgets were to include overhead such as office administration. While some of the events/programs appear to make money for MSO, once they incorporate the overhead and administrative costs, some might lose money, which is reflected in the staff report attachments. What has never been calculated is the cost for basic public relations, which would include merchants, residents, visitors coming into the MSO office and their monthly newsletter, etc. We have not had a true cost for that.

Staff has been working with the California Downtown Business Association for a number of years and is very familiar with several different mainstreet programs throughout California. In addition, we wanted to obtain someone we considered to be a professional in the field, which is Jeff Eichenfield. He interviewed some Councilmembers, merchants and others to get to what MSO is currently doing, whether they are doing a good job and if there is room for improvement. Along with Mr. Eichenfield and an internal financial consultant, we collectively came up with a number of recommendations as detailed in the staff report. Some recommendations MSO include:

- prepare an actual strategic plan for the next 5 years
- their Board needs to decide if they want to continue the mainstreet methodology or go back to a DBA. If they wish to remain MainStreet, they need to refocus on the 4 primary principles
- MSO needs to reduce general overhead
- evaluate their bylaws, membership, board composition and the terms
- develop a business plan, including more downtown promotions, etc.
- MSO needs to cooperate with the City in a business improvement district (BID)
- review and alter many of their bookkeeping practices, via the financial audit.

KIM KIMBALL, MSO Executive Director, stated the reason we are here is because we are all in a partnership, and it only works if we all communicate and cooperate. She is excited about getting together with the City and establishing a work group to look into a BID/PBID. She wants to get it down, and it will benefit the community.

Regarding the statement of 41 other communities, she did some research on her own about cities nearby: Escondido gets \$50,000 from the general fund; and Cardiff/Encinitas/Leucadia receive \$110,000 for one person to manage the Highway 101 corridor. Each location/city handles it differently. She is forecasting that MSO will be

raising a great deal more money than in the past because they have a plan in place with Brown Marketing Strategies, and a committee is going to have a specific plan for PR marketing and getting the word out.

When she first arrived, all she could see is opportunities. We will make a difference. Just because things are not in the best financial place at this time, MSO is working toward a better community. We are committed at MSO to be a mainstreet organization. Her goal in 5 years is to be an exceptional mainstreet organization. They are continuing their involvement with the California organization that oversees mainstreets.

When she first arrived at MSO, there were rumors that things were not being done either according to the mainstreet doctrine or according to best practices, so she had an independent CPA firm look at the books to know what she was working with, and she was told they are good to go. Since then MSO has had an auditor from the City check our books — with no surprises. She is in favor of the recommendations read today; some they have already started. We are moving forward. Currently the Grand Jury is looking at our books and conducting an audit. She feels comfortable that they will not find any wrong-doing/malfeasance either. Perhaps they have not been done according to best practices. Our business is to do business better and be a good example. We will make these things happen.

She had turned in a report and cover letter using two words together: fees for service. This was just a grouping to explain that, if we were having trouble identifying where the money went and we were receiving it quarterly and the money was earmarked for things over several quarters, then those services probably needed to have a secondary type of reporting. Therefore, the fees we received could be adopted as an end-of-event report back to the City showing exactly where those monies go. It is not in lieu of doing any other kind of reporting; it is just an additional layer. She is open to any kind of reporting the City wants. She introduced the outgoing Board Chair who has been with the Board about 5 years. In the spring we will be looking for new board members, and she will be stepping down.

MARY ANN THIEM, outgoing MSO Board Chair, gave the year end report. 2008 was our 9th year of operation. The budget the first year was \$100,000 with 100% being City funding. In 2008 our budget was \$468,000. She reviewed some of MSO's accomplishments, i.e. monthly meetings, 3rd year of the Developer's Forum, 7th year for Antiques on Mission, 8th Annual Arts Alive banner program, 15th Annual Freedom Days parade, O-Fest Festival, 8th Annual Dia de los Muertos with the survey/outreach etc., 3rd Annual Saturday for Giving, 17th year of the morning Market, launched the Sunset Market, 2nd season for beach services program, launched the first way-finding sign at Pier View Way & Pacific Street, had 208 volunteer in 2008 totalling 3,406 work hours, and doubled membership in the last 2 years. The total for events is 118,000 people, along with the people coming to the market totaling 618,525 in one year; that does not count our share of the 150,000 people visiting on July 4 or those using the pier sign or the customers who patronize food services. If you add in the California Surf Museum, the Museum of Art and the California Welcome Center, that is over 750,000 people served.

In the past 9 years MSO has leveraged \$960,000 of the City's money into a \$3,400,000 investment in downtown; we more than tripled the City's money.

To our critics, we know we will be judged by what we build; not what we destroy. MSO invites all to join us to help build a better future.

TOM JAQUES, MSO Board member, 520 North Coast Highway, stated about 25 years ago we pulled ourselves together as the Downtown Business Association and hoped Council will help with the downtown. The existing corridors really need to be enhanced. He asked for Council's support in their gentrification of the area.

TOM BAYER, owner of Pier View Coffee Company, spoke on items MSO has done to help improve the downtown and his business.

[Public input concluded]

CITY MANAGER WEISS noted that staff is not asking Council to take any formal action today. We are asking for direction to staff and MSO in regards to what Council sees as the future and the work plan. Once staff receives that direction, we will meet with MSO to put together a detailed work plan to bring back to Council.

COUNCILMEMBER FELLER stated that, in all of the correspondence in support of MSO, he only received 2 negative comments. He is glad to see 40 people present at this morning's meeting. He trusts that MSO is on point to do the right thing to make MainStreet work for Oceanside. Whatever you come up with, make it as bullet proof as possible. We should be focused on the greater good for Oceanside. Running a business is difficult, and he is looking forward to seeing what comes back.

COUNCILMEMBER CHAVEZ reviewed his experiences over the weekend. His view of this is that we had a plan for MSO in 2002 that we wanted to see them be self sufficient by 2005/2006, but he also remembers we thought back then we would have a beach hotel by 2007/08 and we don't. MSO has had to survive, and they have chosen events, etc. to pay the bills — Phase I. There will be a time in the future when CityMark is all built and we have the Beach Hotel and more restaurants/venues that people will go to. We will transition to cleaning streets at 2:00 AM so that the streets are clean the next morning, etc. We need to get there.

He knows we are doing the audit. Regardless of what comes out of the audit, the responsibility lies on the Council because we approved the budgets and supported this. The buck stops here at the dais. MSO has given a lot more than reported.

Regarding the direction, he would like the general overhead reduced and having new blood on the Board for new ideas/opportunities; the core competencies are not doing events, and MSO should move away from that. He looks for this back in 60 days.

COUNCILMEMBER KERN prefaced that he is a big supporter of MSO, but he is very disappointed in this meeting today. When he set up this workshop 6 months ago to delay the work plan for one year, he was expecting a strategic plan at this meeting. Now he hears that you are going to work on this and that and come back in 60 days. We know what MSO has done. Council is worried about what you are going to do from this point forward — where we are; where we want to go; and how we get there. He saw the nice presentation and some fuzzy predictions of where we will be in 5 years, but no one has said how MSO will get there. MSO has to make up their mind — are they a government program or a business organization.

Your accounting is horrible. In 60 days he wants to know who is doing MSO's books and using what program. If you ran your businesses the way MSO has been run, you would be out of business. In 60 days he wants to see where MSO is going and how they will get there. We kicked the work plan back 6 months because we did not want to approve a 2-year work plan; however, we wait 6 months and now get the second-year work plan. That is not what he wanted. He wanted a strategic plan. In 60 days he wants a strategic plan, how the books are being done, how MSO will get to the award in 5 years. We have waited 6 months to hear a request for 60 more days. That night at the dais, he had said what he wanted, so come back with something to show we are spending money for a program that gives us this return. We need you to come back and tell us how you are going to do this, and that you are going to run it like a business and do it the correct way. In these tough economic times, for us to allocate money to a program for downtown, what are the citizens getting for the money.

MAYOR WOOD concurred that we have concerns as the fiscal managers on what the money is going. Come back with more organization. While 3,406 hours of volunteer work is amazing, this is all about money and what is best for the City. \$460,000 is a lot of money for one year. It was hoped that MSO would be self supporting with the events. Normally this amount would not be a problem, but in tough economic times we need to be stricter. We will go forward as long as the money is there. He would like more details also. If the economy was good, we would be moving forward with hotels, development, etc. It isn't anyone's fault that the economy fell through. The City has a balanced budget, and we had been doing quite well. With the economy, things are slowing down, and he has never seen one quite like this one. What MSO does is a benefit to the City and will work towards a better way to help benefit the

City and its businesses downtown. He will be as supportive as he can going forward, but he still does not know what the City budget will be. If it comes down to cuts from the State, this is one of the first ones he will be looking at. He hopes to see changes, but if we lose money, City services come first. He encouraged self sufficiency as much as possible. Down the road this recession will go away. If the City needs to be making cuts, the 'nice to haves' will be the first.

MS. McVEY summarized that they will be meeting with MSO and bring this back to Council in 60 days. We will bring back 2 items: any budget requests from OPD, such as \$35,000 for outside security, and Harbor & Beaches at \$10,000 for port-a-potties and trash for the 4th of July; and we will meet with MSO to assist them in development of the strategic plan and an accompanying budget for 2009-10.

2. **Public Communication on City Council Matters (off-agenda items)** - None

ADJOURNMENT

MAYOR WOOD adjourned at this meeting of the City Council at 10:35 AM, February 4, 2009. The next regularly scheduled meeting is at 4:00 p.m. on Wednesday, February 4, 2009.

APPROVED BY COUNCIL:

Barbara Riegel Wayne
City Clerk, City of Oceanside