ITEM NO. 4

CITY OF OCEANSIDE

California

MINUTES OF THE

CITY COUNCIL

March 27, 2002

NOT OFFICIAL
UNTIL APPROVED AT SUBSEQUENT
MEETING BY CITY COUNCIL

ADJOURNED MEETING **8:30 AM** **MARTY'S VALLEY BEST WESTERN INN**
3240 Mission Avenue

Mayor
Terry Johnson

Deputy Mayor
Jack Feller

Councilmembers
Betty Harding
Carol McCauley
Esther Sanchez

City Clerk
Barbara Riegel Wayne

City Treasurer
Rosemary Jones

The adjourned meeting of the Oceanside City Council was called to order by Mayor Johnson at 8:30 AM, March 27, 2002, for the purpose of a Study Session/Retreat.

ROLL CALL

Present were Mayor Johnson, Deputy Mayor Feller and Councilmember Harding. Councilmember Sanchez arrived at 9:14 AM. Councilmember McCauley was absent (sick). Also present were City Clerk Wayne, City Treasurer Jones, City Manager Steve Jepsen and City Attorney Duane Bennett. Most department directors were also present.

STUDY SESSION/RETREAT ITEMS

1. **Discussion of City Council strategy planning efforts**

The facilitator for this Mayor and Council Study Session/Retreat non-action session was Marilyn Snider with Snider and Associates. Council discussed various items, goals and follow-up processes. For the results of the discussions, see the attached report, as prepared by the facilitator.

[Recess was held from 10:12 to 10:30 AM and from Noon to 1:00 PM. Councilmember Sanchez was absent from 9:45 AM to 11:17 AM.]

2. **Public Communication on City Council Matters (Off Agenda Items) -** None.

ADJOURNMENT

MAYOR JOHNSON adjourned this meeting to a joint Council/CDC closed session at 3:30 PM today. This meeting of the Oceanside City Council was adjourned at 2:23 PM on March 27, 2002.

ACCEPTED BY COUNCIL:

Barbara Riegel Wayne, CMC
City Clerk, City of Oceanside

CITY OF OCEANSIDE
STRATEGIC PLANNING RETREAT
March 27, 2002 * Marty's Valley Inn

Marilyn Snider, Facilitator—Snider and Associates (510) 531-2904 or (916) 483-9802
Michelle Snider, Recorder—Snider Education and Communication (510) 967-9169

MISSION STATEMENT

The City of Oceanside's mission is to enhance the quality of life through outstanding service to its diverse community.

VISION STATEMENT

The City of Oceanside will be a safe, culturally diverse community that empowers its citizens to provide an environment that promotes economic development, supports quality education, fosters the cultural arts and preserves its natural resources.

CORE VALUES
(not in priority order)

The City of Oceanside values...

Integrity

Diversity

Excellent customer service

Quality of life

Teamwork

Leadership

Innovation

THREE-YEAR GOALS
(2001-2004 * not in priority order)

Develop and implement long-range fiscal and financial plans

Complete a beach resort

Increase economic position

Enhance City image

Increase awareness, understanding and acceptance of diversity

SIX-MONTH STRATEGIC OBJECTIVES
(March 27, 2002 – September 30, 2002)

THREE-YEAR GOAL: *Develop and implement long-range fiscal and financial plans*

SIX-MONTH OBJECTIVES:

1. **By June 15, 2002, the Administrative Services Director and Chief Financial Officer will develop a statement of fiscal goals for City Council consideration.**

2. **By June 15, 2002, the City Manager will present to the City Council for their consideration a Fiscal Contingency/Back Up Plan.**

3. **By June 30, 2002 and every six months thereafter, the Administrative Services Director and Chief Financial Officer will develop Long-Range 5-Year Revenue Forecasts and present to the City Council.**

4. **By June 30, 2002, the Public Works Director will present the inventory of City assets to the City Council for them to determine the priorities.**

5. **By September 30, 2002, the Public Works Director will develop an Asset Management Plan to include ongoing maintenance costs and funding strategies for the City's priority assets.**

THREE-YEAR GOAL: *Complete a beach resort*

SIX-MONTH OBJECTIVES:

1. **By June 30, 2002, the Planning Director (lead) and Economic Development/ Redevelopment Director will present to the California Coastal Commission Oceanside Beach Resort LCP amendments.**

2. **Within 30 days following the California Coastal Commission's decision regarding Oceanside Beach Resort LCP amendments, the City Council will obtain commitment/decision by Manchester Resorts on implementing the decision.**

THREE-YEAR GOAL: *Increase economic position*

SIX-MONTH OBJECTIVES:

1. **By May 15, 2002, the City Manager will review the fee for service structures for adequacy in paying for service cost delivery and recommend a consultant study to the City Council for their consideration.**

2. By June 30, 2002, the Deputy City Manager for Development Services will develop an Industrial/Commercial Action Plan for the Highway 76 Valley Corridor.

3. By August 31, 2002, the Public Works Director, working with the Senior Property Agent, will develop an inventory and valuation of surplus City land and make recommendation(s) to the City Manager.

4. By September 30, 2002, the Economic Development Director and Redevelopment Manager will develop an Action Plan for gateway development on the North Coast Highway North and South of the SLR River, including the bridge.

5. By September 30, 2002, the Economic Development/Redevelopment Director and the Redevelopment Manager, with input from the business community, will explore the feasibility of forming a Business Improvement District downtown and make recommendations to the City Council for their consideration.

FUTURE OBJECTIVE:
By January 31, 2003, the Economic Development/Redevelopment Director and the Planning Director will develop an action plan to ensure retention of existing commercial and industrial parcels.

THREE-YEAR GOAL: *Enhance City image*

SIX-MONTH OBJECTIVES:

1. On April 10, 2002, the City Manager will present to the City Council for their consideration a funding mechanism to acquire the Regional Communication System.

2. On April 26 & 27, 2002, the City Management Team (City Manager-lead) will develop a strategy to enhance employee satisfaction with working for the City.

3. By June 30, 2002, the Deputy City Manager for Neighborhoods and Community Services (lead), Fire Chief, Housing and Neighborhood Services Director, Redevelopment Manager, Water Utilities Director, Personnel Director and the Public Information Officer will develop and implement a strategy to increase community feedback regarding all City services.

4. By August 1, 2002, the Public Works Director and Economic Development/ Redevelopment Director will review, revise as needed and recommend to the City Council for their consideration an update on priorities for physical enhancement in the City.

5. By September 30, 2002, the Director of Housing and Neighborhood Services will present to the City Council for their consideration an Affordable Housing Production Plan for meeting the housing element in the General Plan.

6. By September 30, 2002, the Public Information Officer and Deputy City Manager for Neighborhoods and Community Services will develop and implement a strategy for effectively communicating the City's mission, vision, core values, goals and accomplishments to the press and the community.

FUTURE OBJECTIVE:
By _____, the Personnel Director (lead), the Deputy City Manager for Neighborhoods and Community Services, Police Chief, Fire Chief and Water Utilities Director will develop an interactive Ambassador Training Program to create ambassadors of good will of all employees to promote the City of Oceanside's mission, vision, core values and goals.

THREE-YEAR GOAL: *Increase awareness, understanding and acceptance of diversity*

SIX-MONTH OBJECTIVES:

1. At the April 26-27, 2002 Department Directors' Retreat, the Directors (City Manager-lead) will discuss the City's current EEO policy as well as recent complaints of discrimination and how our City will comply with the policy.

2. By May 31, 2002, all Department Directors (City Manager-lead) will communicate to all Supervisors their expectation regarding implementation of EEO policy and consequences for violating policy.

3. By August 31, 2002, the Department Directors, with the City Manager and City Attorney, will develop and begin to implement a plan to create opportunities to celebrate our diversity.

4. By September 30, 2002, the City Council will include performance criteria for the City Manager and City Attorney into the evaluation process regarding EEO implementation and compliance.

5. By September 30, 2002, the City Manager will ensure that all Directors and supervisory personnel shall attend training on EEO policy and issues.

NEXT STEPS/FOLLOW-UP PROCESS

WHEN	WHO	WHAT
By March 29, 2002	All	Read the retreat record
Monthly	Council	Review progress on the goals and objectives and revise (add, amend, and/or delete) objectives as needed
Monthly (after Council update)	Michelle Lawrence	Provide a written update of the strategic plan
Monthly (within a week of update)	Directors	Share strategic plan updates (face to face with their permanent, full and part time employees) and get feedback
September 24, 2002	Council and Management	Planning retreat to review progress on the strategic plan and set objectives for the next six months

Additional work was done on brainstorming under the following topics:

- **What's going well with the City of Oceanside (its strengths)?**
- **What's not going as well as you would like or expect with the City of Oceanside (Its weaknesses)?**
- **What are the external factors that will/might have a positive impact (opportunities) on Oceanside in the coming year?**
- **What are the external factors that will/might have a negative impact (threats) on Oceanside in the coming year?**

NOT OFFICIAL
UNTIL APPROVED AT SUBSEQUENT
MEETING BY CITY COUNCIL

California

CITY OF OCEANSIDE

MINUTES OF THE

CITY COUNCIL

May 31, 2002

ADJOURNED MEETING 2:00 PM COUNCIL CHAMBERS

Mayor
Terry Johnson

Deputy Mayor
Jack Feller

Councilmembers
Betty Harding
Carol McCauley
Esther Sanchez

City Clerk
Barbara Riegel Wayne

City Treasurer
Rosemary Jones

The adjourned meeting of the Oceanside City Council was called to order by Mayor Johnson at 2:00 PM, May 31, 2002. The Pledge of Allegiance was led by Deputy Mayor Feller.

ROLL CALL

Present were Mayor Johnson, Deputy Mayor Feller and Councilmembers McCauley and Harding. Councilmember Sanchez arrived at 2:26 PM. Also present were City Clerk Wayne, City Attorney Duane Bennett, City Treasurer Jones and City Manager Steve Jepsen.

WORKSHOP ITEMS

1. **Presentation and discussion of the FY 2002-2004 Biennial Budgets**

A. **Police Department**

MIKE POEHLMAN, Police Chief, presented the proposed biennial budget for the Police Department. He introduced Captains Steve Scarano, Manny Castillo, and Dave Heering, and also Mike Koziel, Administrative Analyst II, who worked on the budget.

The on-going Department mission statement is to work with the community to build trust and provide quality service that actively prevents crime, reduces the fear of crime and promotes safety. Their primary objectives for this budget are to:

- Ensure the safety and security of all citizens
- Complete the third year of the strategic plan
- Implement the neighborhood policing philosophy, which began in January
- Continue to be fiscally responsible.

The budget is broken into 4 programs this budget: Administration, Field Operations, Investigations and they added the 4th program: Public Safety Communications. The public safety communications program was broken out because of major cost factors from the Regional Communication System (RCS) 800 MHz system and other activities. The organization of those programs is fairly simple; they are fairly flat with the police chief and then the 3 captains who have the responsibility for field operations, investigations and administration. Under administration is the public safety communications program.

He discussed the budget summary for these 4 programs in the current year and the proposed budget. Administration costs decreased by almost 25% due to the creation of a public safety communications program out of the administration program. The Police Department's budget is proposed to increase by a little over 4%; the bulk of that increase is in personnel services for salaries, benefits, etc., which Council has agreed to through contract with the members.

The objectives for the administration division are to provide support to operational programs. Although dispatch is more visible, the administration division manages the behind-the-scenes operations. Administration also provides automation, records and statistics. They are responsible for crime prevention and for overall training. They also manage evidence, supply and maintenance, the budget, grant control, payroll, accounts payable and hiring.

The changes in the administration program include:

- Separation of the Public Safety Communications program
- Administration budget covers all salary and fringe increases
- Increase in advertising budget due to enhanced officer recruitment program
- Non-personal/operating budget items adjusted due to historical trends and moved to reflect where they actually spend them
- Progressing into third year of the strategic plan
- Reclassification of 2 staff members in FY 2001-02 that are now showing

In addition to the proposed budget, they have a supplemental budget request under administration for the conversion to make an alarm program clerk full time provisional; currently they are part-time provisional. This is funded out of the charges for false alarms fund, which Council approved in the early 1990s. Originally, the position was approved for a full-time employee, but the person hired was only interested in part-time work, and it worked out well to have a 32-hour employee. The new person in that position would like benefits, so the Department is asking for a $2,000 increase from $30,000 to $32,000 to cover the benefits for that position. So this is a supplemental request in addition to the original proposed budget before Council.

The public safety communications program objectives are to answer all the incoming emergency calls for service within the City. They are the public safety access point for the City and provide communication support for both the Police and Fire Departments. This funding will take us into the RCS costs for the Police Department.

The primary changes are that public safety communications is separated from administration. This budget will cover all 27 full-time employees that were moved into this program. They are also looking into adding a communications manager position, and it is being funded from savings identified in the administration's non-personnel/operating budget. Specifically, it was monies set aside last year for Computer Assisted Dispatch (CAD) maintenance. In working with IT, they have consolidated that and have savings to fund this position.

DEPUTY MAYOR FELLER inquired who the public safety communications people are.

CHIEF POEHLMAN explained that the 27 employees, including 23 public safety communications dispatchers, 3 communication supervisors and 1 communications manager.

Continuing with the presentation, the second item under Field Operations is the enhanced use of citizen volunteers; their objective is to continue to cultivate and utilize citizens to assist.

The summary of changes in Field Operations for the first year of a 2-year budget include salary and fringe benefit increases, which are the highest in this program since it has the most people. One school resource officer will continue to be funded with Citizens' Option for Public Safety (COPS) State supplemental grant monies. The Department anticipated receiving these funds for at least another year. Adjustments in non-personnel/operating budget items reflect how the money is actually spent. Contractual increases are included for programs such as the Trauma Intervention Program, etc. who have given notice that they are increasing their contracts. The Rancho Santa Fe custodial contract is increasing by about $40,000.

Additionally we have moved the alarm program Technical Assistant to the administration program. This is the program the department had requested funding in administration; the funding was previously housed in field operations but was moved. The hourly extra help allocation was moved to the public safety communications program to fund some part-time extra help emergency service dispatchers from Camp Pendleton.

Also during FY 2001-02, 16 police officers were converted to corporal. Council authorized the funding of 2 additional motor officers in FY 2001-02, which is now reflected in the public safety communications program. Council also authorized the funding of an additional police officer using the traffic services fund, which is a self-sustaining fund. That is also now reflected in this program.

The Department has one supplemental request in the Field Operations program for a homeless outreach team. The County of San Diego agreed to pay for a clinician and a health services worker for one year to work with this program. The Department can apply for a COPS grant through the Federal government that will fund $75,000 over a 3-year period. It would break down to $40,000 in the first year, $20,000 in the second and $15,000 in the third year. Staff is requesting that Council give them the authority to apply for that grant. If the grant comes through, the City would then be obligated to come up with the funds for an officer and a vehicle over the 3 years. In the first year, the officer will cost $17,000+, and the vehicle will cost $54,000. The amounts will change each year, but the costs are higher the first year since the replacement costs are not built in for this car. If Council approves this supplemental request, the total for the 3 years will be $278,096. The Police requested a homeless outreach team as part of the strategic plan. It is critical for the City to continue to try to get homeless individuals off our streets. This program is modeled after the San Diego Police Department's program that was fairly successful in the Gaslamp District in downtown San Diego.

COUNCILMEMBER HARDING asked Chief Poehlman if there are any alternative options to provide for the vehicle.

CHIEF POEHLMAN suggested leasing as a feasible alternative, specifically for this program. This option would reduce the costs significantly. If Council were willing to move forward with this program but not willing to provide a vehicle, he would have to make use of his existing fleet. However, that would reduce the pool of vehicles for other officers to use. When the Police Department adds a new position, they prefer to add all of the necessary equipment as well. There are alternatives.

COUNCILMEMBER HARDING recognized that there will be other supplemental requests that would need to be considered with this. It would be difficult, particularly since the City did not know what the State would do.

CITY MANAGER JEPSEN responded that the number of supplemental requests will be fairly limited, i.e. 6-7 requests, so there would not be a lot of information to wade through. Council will be able to compare the requests to each other when the presentations are completed.

DEPUTY MAYOR FELLER asked if the vehicle price is the normal price for each fully outfitted police vehicle the City has.

CHIEF POEHLMAN confirmed that is the normal price for a fully equipped vehicle.

The Investigations program objectives are to:

- Conduct criminal investigations
- Handle vice, narcotic and gang investigations
- Focus on areas of general investigations including crimes of violence, property crimes, elder abuse, juvenile crimes and the family protection unit
- Locate and identify suspects
- Control crime scenes
- Collect and process evidence.

These program changes include salary and benefit increases, creating one corporal position and one sergeant position from the existing detectives to permanently lead the family protection unit. General investigations will have units for crimes of violence, property crimes and family protection. Each unit will have their own sergeant and corporal, which will be much more effective. As in field operations, during FY 2001-02, 4 corporal positions were created and will now be reflected in this program budget.

COUNCILMEMBER McCAULEY noted that the strategic plan included a sergeant for this division, whom they wanted in effect long before this budget. She asked if this could be done without additional personnel.

CHIEF POEHLMAN concurred with Councilmember McCauley. Part of the strategic plan that Council approved was, in fact, to create a supervisor in the family protection unit. Unfortunately, the challenge is distributing the resources across the City to make this happen. This was a hard decision. With the level of crime, Chief Poehlman challenged this division to operate with the existing officers so they can provide this necessary supervision. The City would only need to make up the difference, which is much less than hiring another position. Although it will not be easy, hopefully in the years ahead, they will be able to add a position there.

Continuing, he stated that 2 investigative assistants would continue to be funded in 2002 by the COPS State supplemental grant. There are 4 positions, with 2 being provisional because they are funded under this grant. As in other programs, investigations would continue the third year of the strategic plan. Also, there is one supplemental in investigations (for a total of 3 in the department) for a temporary clerical assistant in the special enforcement section who they wish to move to a full-time position and pay for the difference from the COPS State supplemental law enforcement funds. There are currently General Funds of $19,488 to pay for this part-time position, and staff would like to add COPS money of $20,643 to make it a full-time provisional position. If the Department lost the COPS money, the position would go back to the temporary status. Special enforcement would be able to do a lot more by making this a 40-hour position.

MAYOR JOHNSON asked if that would be Federal or State COPS money.

CHIEF POEHLMAN said it would be State COPS money. The State encouraged the Police Department to use its monies for personnel.

As a quick overview, the 3 supplemental requests are:

- The alarm program technician assistant fulltime (33 hours per week) provisional position would cost an additional $2,200. It is alarm revenue supported; not General Fund supported.
- One police officer for the Homeless Outreach Team would be supported by a 3-year grant. Council's approval would allow the Department to apply for the grant. If it came through, it would cost about $112,000 per year for an officer and a vehicle. The net cost in the first year would be about $72,000.
- An office specialist in the special enforcement section; the cost would not come out of the General Fund.

Staff was projecting that the Department would receive certain grants in the first portion of this 2-year budget. A Federal grant under the Local Law Enforcement Block Grant (LLEBG) totaled almost $260,000, of which $28,000 has to be matched locally and was built into this budget. Also, a Federal COPSMORE grant of $112,000 would fund positions and requires $37,500 in matching funds, which is also built into the budget. Staff was also in the process of applying for the next round of LLEBG, from which they expected between $220,000 and $260,000.

From the State, the Department currently gets $330,000 in COPS money and a one-time California Law Enforcement Equipment Purchase (CLEEP) grant. Staff would be coming to Council for approval to spend the CLEEP money on technical equipment. Staff anticipated getting around $220,000 in COPS State of California supplemental funding next year.

Overall, at the end of FY 2001-02, the Department would have 269 authorized full-time equivalent positions. For this budget, they would have 270 authorized full-time positions. Out of those, 2 are provisional, which means they are funded out of grants. If the grants go away, then those positions would go away. A corporal position and a sergeant position had been exchanged for police officer positions. A communications manager position had been added and was created from savings in the non-personnel budget. Other staffing changes were the reclassifications that occurred last year: an administrative analyst was changed to a police public information officer, and a program specialist was changed to an administrative analyst I in the training unit of administration.

Staff recommends a change of a little more than $1,000,000 in personnel and about a $5,000 increase in the non-personnel/operating budget. The interfund increase is about $64,000, and there was no change in the capital outlay. The City had to put up money as cost shares for grants, and they were factored into the budget. So the net cost to the City of the $29,312,354, is an increase of a little more than $1,200,000. He reiterated that the bulk of the increase was in personnel services.

COUNCILMEMBER HARDING asked if the bulk of that increase in personnel services was because of the 3% at 50 retirement program.

CHIEF POEHLMAN agreed that was a large part of the costs.

COUNCILMEMBER HARDING asked if they had factored in the increases in insurance rates.

CHIEF POEHLMAN said they are included as part of the interfund service.

COUNCILMEMBER McCAULEY noted that last year Council asked that all departments change personal to personnel to make it clearer for Council and anyone else reading the budget. She asked staff to take care of that in the final version.

CITY MANAGER JEPSEN commented that, regarding the 3% at 50, which would be split between Police and Fire, they had originally heard from PERS (Public Employees' Retirement System) that it would cost 11.3%, which was a little over $1,000,000. The actual cost they are projecting for next year is 14.3%. So between Police and Fire, the ongoing year-to-year costs for the 3% at 50 program would be a little more than $1,500,000 above what the City was currently paying for PERS per year.

B. **Fire Department**

ASSISTANT FIRE CHIEF GLENN McCLOSKEY presented the Fire Department biennial budget for FY 2002-04. He introduced the staff that helped with the budget: Assistant Chief Jim Myers, Captain Joe Urban and Administrative Secretary Mylene Waterman. The Fire Department's mission statement is to preserve and protect life, property and the environment. The primary objectives, of which Council had a copy, supported the mission statement.

Staffing at the Fire Department has remained primarily the same, although they lost 3 positions in ambulance billing out of their staffing configuration. They currently have 45 paramedics, 3 firefighters, 12 emergency medical technicians (EMTs), 21 captains and 21 engineers. They have added fire safety specialist positions and recently added a plan checker that will take the place of Inspector Tom Fitzgerald.

In their program summaries, in FY 2001-02, Administration had $1,898,000. That budget has been reduced by 2.5% for the next fiscal year mainly because of the ambulance billing issues. The proposed budget for Administration will increase 4.2% for FY 2003-04 to $1,929,000. The prevention division has a proposed increase of 7.6% from last fiscal year to the coming fiscal year, and also a 6.3% increase for FY 2003-04.

In Operations they have an increase of 3.5% from the 2001-02 budget, and an increase of 7% from 2002-03 to the 2003-04.

The Training division budget was currently $628,000. The FY 2002-03 budget for training represented a 23.1% decrease due to adjustments in the funding for the Fire Academy. The FY 2003-04 training budget reflects a 4.5% increase. Per Council's direction, staff budgeted $541,000 for the Fire Academy in FY 2002-03 and $554,000 in FY 2003-04, a 2.3% increase.

The total Fire Department budget increased 5.6% for FY 2002-03. The 2003-04 budget reflected an increase of 6.4% up to $15,520,000.

Program changes for FY 2002-03 are reflected in the salary decreases due to the ambulance billing positions transferring to the Administrative Services Department. Overtime was decreased by $25,274 and was reflected in a $17,000 transfer of overtime funding to the prevention division to cover overtime for special events. Benefits and the interfund charges have increased, but the operational expenses decreased with the reduction in postage, office supplies and printed forms associated with the ambulance billing program.

Changes in the Administrative division for FY 2003-04 included minimal salary increases of $18,223. Overtime would not increase, but benefits and the interfund charges would. Operationally they only increased expenses by $6,600 due to the Trauma Intervention Program (TIP) that the Fire and Police Departments jointly assist in funding. The Unified Disaster Council (UDC) dues would pay for the team responses in this area.

He next summarized the program changes for FY 2002-03 in Fire Prevention. Salaries would increase by $4,300. Overtime has been beefed up from a $17,000 transfer from the administration overtime budget. Benefits and interfund charges have increased as well. Expenses would decrease by almost $6,000 because of a reduction in need for uniforms and personal protective equipment. The Department hired 2 new employees in FY 2001-02 whose related costs are reflected in this budget.

The fire prevention division for FY 2003-04 salary budget increased $24,000 as reflected in step increases and the hiring of a plan checker. Overtime would not increase. Benefits would increase with salary, and the interfund charges would increase as well. The operational expenses increased by a very small amount.

He next discussed the Operations division program changes for FY 2002-03. Salaries decreased by $35,000 since the Academy would no longer be funded from the operations division. Overtime decreased by $56,000 since that was used to run the Academy. Benefits would increase by over $500,000 to pay for the 3% at 50 retirement program. The interfund costs had also increased. Operational costs have decreased by $31,000 due to a transfer of responsibility of the confined space program and a transfer of a computerized staffing program out of Fire's budget into the Capital Improvement Program (CIP).

In FY 2003-04, the Operations division salaries increased by $382,000, mainly associated with the negotiated step increases agreed upon in the bargaining efforts. Staff

anticipated overtime would increase by roughly $20,000. Of course, benefits and interfund charges have escalated. Operationally they have the continuation of the defibrillator program; but the purchase of the TeleStaff contract and the SWAT (Special Weapons and Tactics) medic program that was now jointly run with the Police Department has increased operating costs by $11,000.

In response to Deputy Mayor Feller's question, **ASSISTANT FIRE CHIEF McCLOSKEY** explained that the Counter Narcotics & Terrorism Operational Medical Support (CONTOMS) training was a Federal course that SWAT medics had to go through. The course would teach them basic things they would need to know in order to function appropriately with the Police SWAT team.

MAYOR JOHNSON asked Assistant Fire Chief McCloskey if the plan checker they were planning to hire would be fulltime or part-time.

ASSISTANT FIRE CHIEF McCLOSKEY said it was a part-time position.

MAYOR JOHNSON asked what the duties of that position would be.

ASSISTANT FIRE CHIEF McCLOSKEY explained this person would take over the work that Tom Fitzgerald had done for a number of years on a part-time basis. Mr. Fitzgerald was retiring for the third time. He was a retired New York City firefighter and retired from the Oceanside Fire Department about 2 years ago, but he came back to work part-time. The Department had to address the plan-checking operations due to his upcoming retirement. They have temporarily hired a plan checker who Mr. Fitzgerald was currently training.

MAYOR JOHNSON questioned the type of plan checking, such as for new building construction.

ASSISTANT FIRE CHIEF McCLOSKEY said they checked new construction, existing construction, tenant improvement, sprinkler plan checks, etc.

He continued with the Training program changes for FY 2002-03. Salary decreased due to the reassignment of funding for the Academy into a separate fund. So the money they anticipated using for the Academy that was dedicated to the Training division has now been reapplied to the academy in full. Again, the benefits would increase, but the interfund charges would decrease by $7,000 due to the costs associated with the Fire Academy. Operating expenses were reduced as well. Basically, everything but the benefit costs in the Training division have been reduced because those monies had been applied to fund the training academy.

For FY 2003-04, the Training program salaries increased $12,000. The benefits increased as salaries did. The interfund charges increased by $2,600, and there were no additional costs for operations.

For the summary of program changes for the coming fiscal year, they have a fully funded academy to the tune of $541,000, which is broken down as follows:

- Personnel costs of $209,000
- Overtime associated with the Academy of $78,000
- Benefits of $114,000
- Operational equipment and supplies of $100,000
- Interfund charges of $40,000.

This is funding for a future academy, although they have made changes. Staff anticipates that revenue would fund the Academy with $554,000 in FY 2003-04. There would not be any increases in personnel costs or overtime, but benefits would increase by $10,000. Equipment and supplies would be up $1,100, and the interfund charges were up by $1,000. Staff also anticipates the possibility of running 2 full-time academies, although the coming Academy sort of deviated as will be explained.

The Fire Department totals for program changes for the coming fiscal year are:

- Salaries decreased by $31,000, mainly reflected in the ambulance billing being transferred to the Administrative Services Department
- Benefits increased by $716,000 due to the 3% at 50 retirement system cost
- Interfund charges increased of $164,000
- Operating expenses increased by roughly $35,000

DEPUTY MAYOR FELLER asked why there would be overtime expenses on something staff is planning for such as the Fire Academy. Usually, overtime is not planned unless more people were needed.

ASSISTANT FIRE CHIEF McCLOSKEY explained that some of the overtime costs are attributed to backfilling of positions. When staff is at the Academy instructing, other people need to assume the duties of that staff to keep the operations running. A lot of overtime was reflected in the instructor time because the Academy runs 5 days a week and they bring captains off the line to instruct. When their stations are empty, a captain had to be brought in on overtime to man those duties. That was a big overtime cost.

The Fire Department's supplemental requests involved a staffing, retention and hiring plan. They are currently in the midst of negotiations with the association. Council and the City Manager have been briefed on the Department's plan to deviate from normal staffing procedures. The new plan was commonly referred to as a constant staffing plan so that they would not fill all the positions they normally would, and they would use the salaries from vacant positions to put into an overtime account for the firefighters who would be working on a fairly regular basis. The difference between the salary and the cost of overtime was anticipated to be $76,000.

Concurrently with that, staff would like to run a lateral Academy. This would not be a full Academy, but would use some of the funding from the existing Academy. The normal Academy would cost in excess of $541,000. A lateral Academy means we would bring in people who were already firefighters/paramedics from other departments and train them to Oceanside Fire's way of doing things. This would substantially reduce the costs to the City and the Department with respect to training outside firefighters. The lateral Academy also goes hand-in-hand with the retention plan, which has been detailed to Council. The Fire Department had a problem with retention. Staff proposed adjusting some of the lower firefighters' salaries for better retention and a reduction of the exodus of good firefighters to other jurisdictions. The cost of the retention plan was $350,000.

Therefore, the plan currently in place involves the elements of constant staffing, the lateral Academy and the retention plan all amount to $551,000. The funding for this plan amounts to using one-half of the next fiscal year's budgeted academy, which was $541,000, so one-half = $270,500 to offset the cost of expenditures just mentioned. In addition, the proposed ambulance billing fee increase to $72 per transport would generate an additional $261,000. That would total $531,000, which was $20,000 short of the funding necessary. So the supplemental request for that is $20,000. In addition, the City would save $250,000 from the other half of the costs associated with the funding for the next year's Fire Academy. The supplemental request for constant staffing, lateral Academy and the overall retention plan would benefit the City by bringing in and keeping experienced firefighters. This would also save the City money in the long run by not running a full Academy.

The consolidated confined space rescue program was mandated by California Occupational Safety and Health Agency (Cal OSHA). Certain requirements are needed and mandated by law, and the Fire Department is finally moving towards getting the proper equipment and personnel trained so that, if there were a confined space rescue, the Fire Department would not only be able to rescue efficiently, but they would also be in compliance with Cal OSHA. The Fire Department, Water, Wastewater and Public Works budgets had contributed a total of $32,500 for this program. He noted that this is not a

supplemental request but an acknowledgement of the teamwork to make the community a safer place and also to comply with State law.

COUNCILMEMBER HARDING asked when the Cal OSHA confined space rescue program was mandated to have been put into effect.

ASSISTANT FIRE CHIEF McCLOSKEY said he would get Council the exact date. They have been working on getting the funding, personnel, expertise and props in place for over a year now. The Water Department currently is our confined space rescue team so they have been trained; however, there has been a change in philosophy with respect to the Fire Department's mission. Since the Fire Department is on 24/7 and has the personnel and the equipment, they are teaming with the Water Department to provide this training. Other Fire Departments have been down this road for quite a while. The City has technically been within Cal OSHA guidelines, although the Fire Department had not since the Water Department had these responsibilities. The Fire Department should have moved in that direction about a year ago, but the Water Department has kept the City compliant in this area.

COUNCILMEMBER HARDING knew that the Water Department had the confined space rescue program. She asked if the City was out of compliance since the Fire Department did not have that.

CITY MANAGER JEPSEN did not believe the City was out of compliance. When the Fire Department mentioned they wanted to do this training for their personnel, it occurred to him that it was already occurring in Public Works and Water Utilities. The City Manager decided that the Fire Department should really take the lead in coordinating this effort, and that is what is being shown here. The City will end up with just one rescue team through the Fire Department since they have the equipment and resources to respond on a broad basis. The City is mandated to have a rescue team.

He asked Assistant Fire Chief McCloskey to give clarification on the Academy. They have budgeted $550,000 every year for the Academy. This was something that was overlooked a couple of years ago when the Fire Department came forward and said they needed an Academy. Council and staff were surprised at how much money it cost. The fact that we are now putting an academy into the budget every year is new and has not been done in the past, although it was picked up in a supplemental budget last year. Staff is now proposing to use half of that academy money to fund their retention program, lateral hiring and constant staffing. That would reduce the need to have an Academy every year, and it provides that savings. He asked Assistant Fire Chief McCloskey if they would still need to have an Academy budgeted for every other year.

ASSISTANT FIRE CHIEF McCLOSKEY believed that the proposed budget for FY 2003-04 would be adequate to budget to go into an every-other-year budgeting for the regular academy.

CITY MANAGER JEPSEN asked if they would still need another $280,000 every other year. The Fire Department would do an Academy every other year if necessary. If it was not necessary, Council could use that money for something else. They would not know that until the second year of this two-year budget.

ASSISTANT FIRE CHIEF McCLOSKEY stated that is correct.

MAYOR JOHNSON noted that if it were not necessary, it would reduce the occasional vacancies that needed to be backfilled.

ASSISTANT FIRE CHIEF McCLOSKEY agreed. Staff was hopeful that things would move in a positive direction with regards to this plan.

C. **Harbor and Beaches Department**

DON HADLEY, Harbor and Beaches Director, introduced members of the staff that put together their budget: Ray Duncan, Administrative Secretary Diane Loder, Harbor Police Sergeant Dan Polder, Maintenance Manager Frank Quan and Accounting Technician/Budget Coordinator Barbara Conklin.

Their mission statement is to provide quality public facilities and services to the City's residents and visitors alike in the Harbor, beach and pier areas.

The department's primary objective is to plan, develop, operate and maintain the public areas within the Harbor District, the beaches and the pier area to the highest level with the most effective utilization of resources possible.

The organizational chart shows that the District is broken into 4 operating divisions: Maintenance division, which oversees the 3 areas of the harbor, beach and pier; the Harbor Police division, which includes a Harbor Police Sergeant, 3 corporals and 5 officers; the Administration division, which includes the accounting technician and 2 customer account representatives; and the Lifeguard division, including a lifeguard manager and an aquatics supervisor known as the lifeguard captain, and this division has 2 programs: operations, which is the traditional lifeguarding, and the educational program and special lifeguarding that primarily incorporates the junior lifeguard program.

Basically, the department is funded by 3 sources:

- Harbor District Funds
- General Fund
- Recreational Funds, Fund 108.

Recreational Fund 108 is basically a user fund; the costs of operating that fund are basically borne by the users that participate.

Going through the Harbor Funds, the Administration program is currently budgeted at $1,511,872. Proposed for FY 2002-03 is $1,537,459 for a 1.7% increase; and for FY 2003-04, $1,573,310 is proposed for a 2.3% increase.

For Harbor Police they currently have $1,314,529. For FY 2002-03, proposed is $1,203,951 for an 8.4% decrease primarily because of the new rescue boat Council funded last year; and for FY 2003-04, $1,299,897 is proposed for an 8% increase.

This year, Harbor maintenance was funded at a little over $1,500,000. In FY 2002-03, it is proposed at $1,800,000 for a 20% increase; and for FY 2003-04, proposed is $1,806,000 for a 0.1% increase. Overall, from this year to next year, the Harbor budget proposes a 5% increase in FY 2002-03 and a 3% increase in FY 2003-04.

He highlighted the changes in each division. In Administration, personnel services increased about $80,000, which primarily reflects the Memorandum of Understanding (MOU) negotiated compensations and benefits, the City Manager and property management costs attributed to the Harbor. The interfund charges increased approximately $129,000, which includes the citywide rate changes for vehicles, general liability insurance increases, general administration allocation increases, IT costs and increased costs paid to the City for Harbor land leases and lifeguard services provided on Harbor Beach.

Under Maintenance, personnel services are increasing $34,800, which reflects the negotiated MOU increases along with the benefits. Non-personnel services are increasing by a little over $200,000 primarily to fund phase 2 of a 3-phase project to replace the commercial dock area and for increased electricity costs. It is also time to re-key the Harbor dock gates and service buildings.

The interfund charges are increasing about $40,000 because of a reallocation of funds from Administration into this division; they were not paying their share in prior years. Capital outlay is increasing by almost $27,000 even though there was a reduction in the number of projects this year. That account would fund $130,000 for Harbor Beach

playground equipment, $25,000 for sidewalk and wall replacement as part of an on-going maintenance program and $14,000 for the replacement of a maintenance electric cart.

MAYOR JOHNSON asked what wall was being replaced.

FRANK QUAN, Maintenance Manager, responded that it was actually sidewalk replacement, and it would be approximately half way between the Monterey Bay Canners Restaurant and the Harbor Administration building.

MR. HADLEY continued, stating that for Harbor Police there is an increase of about $96,000 for MOU negotiated compensation and benefits increases and for the increase in overtime costs. That overtime cost went up because the salary package has increased, as well as the activity in special events. For Non-personnel services, it is increasing a little over $9,000 for an increase in a security contract, which Council authorized for security guards to be in Lot 1 on the other side of the railroad tracks from the Chart House. Those costs had been static since implementation 3 years ago, but now the price was increasing. Interfund charges increased because of the general administration allocation, which matched 10% in personnel services, as well.

MAYOR JOHNSON asked Mr. Hadley if there were an opportunity to secure funds from the Coastal Conservancy to build a seawall along South The Strand to keep sand off the street. There was a serious problem of sand blowing onto The Strand.

MR. HADLEY explained the difficulty was that there was hardly any place to put a wall along The Strand, south of Seagaze Park. That was a very small, degraded road. Even a modest block wall would almost go into the street. The challenge was related more to the capacity of the geography than it was to funding.

Continuing, he wished to discuss the Harbor District financial condition. The Harbor District cash balance as of June 30, 2001, was $7,767,357. That was the amount of money available for Council to take some discretionary actions in projects. Historically, Council had provided for specific reserves to be established; those included the capital equipment replacement, breakwater repair, emergency repairs and slip improvement funds. In the 2003 budget, those would total $3,166,000. Of that, $60,000 is for the capital equipment replacement fund. This is where the money came from to buy the fire boat. We took $220,000 out of that so we are building it back up $20,000 a year because somewhere down the line it will be time to replace equipment of that size. There is $1,772,000 set aside for breakwater repair. As you know, we cost shared with the Federal government to do the extension and modification to the harbor entrance. This has been a set-aside because we are required through our contract with the Federal government to be responsible for the repair of that breakwater. It is set-aside because if there is a significant breach, it will take certainly that much money. So we need to make sure that is available.

The emergency repairs fund has $1,000,000. If the City were to experience a drastic weather condition, such as a tsunami, money would eventually be available through insurance or the Federal Emergency Management Agency (FEMA), but the Harbor would need some operating cash so it could start the process of repair right away since that would impact the City significantly.

The slip improvement fund is set aside every year and spent every year. About 15 years ago, the entire dock system inside the Harbor had to be replaced for about $7,000,000. The dock system is in great shape, but staff and Council decided not to let that happen again; we would take care of the degradation of the facility each year to ensure that they would not be in that boat again. $1 per foot of the slip rent was set aside in the slip improvement fund. This is the money used every year to maintain the dock system. That totals out to $3,166,000, which leaves an unreserved cash balance of a little over $4,600,000. There is a $1,000,000 commitment that has been carried over from last year to this year to do a Capital Improvement Project for the Parcel F community room, junior lifeguard offices and the Outrigger Canoe facility. It includes a maintenance and a modest parking area. This brings the total down to $3,601,357, and that will be recalculated after the June 30, 2002 audit.

DEPUTY MAYOR FELLER asked if $1,000,000 for the building of the new facility included operations costs.

MR. HADLEY said that $1,000,000 was strictly for construction and is a soft number until staff had a firm design and prices. The operation of the junior lifeguard offices would be taken care of by that program. The only operation would be maintenance and janitorial services, which would not be significant. Staff would be able to accommodate that within our upcoming existing capacities.

Continuing, he was very optimistic that the $3,601,357 would be higher when the financial statements came out. This was the money available for unanticipated expenses or for projects that Council wanted to pursue. This would also be the fund that staff would recommend to be used to fully fund the Harbor District's share of the 800 MHz system.

The programs that are in the General Fund include pier maintenance, beach maintenance and lifeguard services. The pier maintenance budget was currently close to $138,000 and would increase in 2003 to over $139,999 for an 0.9% increase; and in FY 2003-04, it would go up 5% to $146,000. Beach maintenance was currently $471,524 and would increase 10% to $522,386 in FY 2002-03 and 2% to $533,374 in FY 2003-04. Lifeguard services is currently $862,330 with a significant 30% increase to $1,118,000. It would increase 1.8% in FY 2003-04 to $1,138,000. The totals from the General Fund are rising almost 21% in FY 2002-03 and 2.2% in FY 2003-04.

The last fund is the recreational fund program, which he discussed earlier. It was primarily for junior lifeguards and was driven by revenue. This year it was funded at $172,000. It is proposed next year to increase 18% to $203,000 and another 5% to $213,619 for FY 2003-04.

MAYOR JOHNSON asked exactly what was being done for beach maintenance. He asked if they were cleaning the beach every day.

MR. HADLEY explained that beach maintenance was a very broad picture. Certainly, cleaning the sand with tractors was one element. Staff tries to do it as often as possible based upon the demand for it. Contractors pick up trash, and a janitorial service cleans the bathrooms. They tried to let the beach maintenance staff actually do maintenance. Up until 3 or 4 years ago, the beach maintenance staff were basically beach janitors. They cleaned and maintained the band shell. Employees worked on the areas that were not conducive to contract or that were too expensive to contract. They did the piece maintenance work, whether on bathrooms, the roof, structures, signs, etc.

MAYOR JOHNSON asked if there were any plans to address the bathroom challenges or concerns.

MR. HADLEY thought that they had progressed from a number of years ago. The hardest issue is the restroom by the band shell. They are challenged because it is a historical building. They did a lot to maintain it, but that building along with the pier was built with beach sand, which had a high salt content and rotted the rebar. Staff was looking to the Coastal Conservancy for some funding to do replacement work.

DEPUTY MAYOR FELLER asked about the restrooms at the band shell, which to him is a disaster. That was the worst building he had ever seen whether it was historic or not.

MR. HADLEY said that from a staff perspective on maintenance alone, they would love to see a new building there. That was something that needed to be further discussed. A newer and expanded facility would eventually be needed since the attendance numbers continue to climb, and that bathroom is not very big. Sometimes there was a line to get into the men's room, which meant the ladies' room line was even longer. As development transpires down there, that certainly needs to be on the list of improvements.

MAYOR JOHNSON raised this issue because on very busy days, it could get a bit dirty.

MR. HADLEY agreed. He said on those busy days, they could clean it, and it would be dirty again half an hour later. It is a challenge.

COUNCILMEMBER HARDING noted that Council had said for many years that once development happened down there, they would do something about that deplorable restroom. When possible, she would walk way down the beach to use another restroom to avoid this one. On the day of Operation Appreciation, she went into the restroom at 10 AM, before most people had arrived, and she would not use that restroom. If it was necessary, the City could build a new building and keep that historical building as a tool shed or something. We have talked about doing something with that restroom for years. Even when it is clean, it is deplorable.

Continuing, **MR. HADLEY** noted that pier maintenance was a modest division. Personnel services were decreasing since they reviewed the amount previously budgeted and found they could reduce that cost by $4,000. A $4,000 increase was reflected in non-personnel/operating expenses due to increases in the maintenance contracts for the janitorial services and approachway maintenance contract.

Under beach maintenance, personnel services increased by $1,200 due to compensation increases and benefits. Non-personnel increased by $49,200, reflecting utility fee increases, janitorial beach cleaning costs and a roll-up door replacement at the lifeguard headquarters.

Personnel services in the lifeguard services were increasing $196,757. There were big reasons for that, including the negotiated MOU compensation and benefits for full-time employees. This is also the full-year funding of 5 aquatics technicians, which are the part-time benefited employees. Due to Council's actions in the past, the part-time benefited positions allowed staff to work significantly more hours to provide a better level of service across the board. This was the first full-year funding of that since the technicians were hired March 31, 2002. Also, they have about 45 seasonal lifeguards independent of that staff, and they had not received compensation increases in well over 10 years. They were having extreme difficulty with recruitment and retention, so the wages were increased to market, which was a significant cost. Also included is a half-time clerical support position. Currently, the lifeguards are providing clerical support at lifeguard headquarters, but they could be better utilized on the beach as opposed to in front of the copier. This would be the first time that they would be able to have some dedicated clerical onsite support.

Non-personnel/operating expenses for lifeguard services increased about $7,000 due to a wide variety of incidental cost increases for training and material costs. The interfund charges increased $34,000 due to a variety of issues; the vehicle rate increased because they are asking for an additional vehicle. Primarily it is because of the general administrative allocation for the full-year funding of the permanent part-time positions and the seasonal compensation increases.

In capital equipment, they were asking for $18,000 for the acquisition of an additional used vehicle to provide adequate beach lifeguard coverage. They currently run 4 lifeguard districts, and in the summer they end up using a pool vehicle from the fleet to provide coverage for the fourth district. The difficulty is that, in the middle of the season if a vehicle went down, they were back to 3 with the one pool vehicle. They were interested in a used vehicle primarily because the wear on the vehicle was not from mileage but the sand, salt, water and air that corroded it. Staff believed they could find an adequate compact pick-up like the ones they currently use.

The recreation fund for lifeguard services showed an increase in personnel of a little over $29,000 to provide for a full-time junior lifeguard program manager employee to replace the seasonal position. This program is highly touted and growing every year. They used to have 250+ kids participate. Now, they are up to 750-800 kids participating in the

program. It runs from April to October, which is longer than most junior programs because a lot of kids in the area went to year-round school. A lot of planning, administrative activities and recruiting needed to be done year-round. This manager would also oversee the program that went into the Oceanside fourth grade classrooms to give beach and ocean safety presentations. For non-personnel expenses, they reduced that ($1,050) due to a recalculation of the material costs to operate the program. Interfund costs were increasing by about $3,000, primarily to support the increase due to the full-time junior lifeguard program manager.

DEPUTY MAYOR FELLER noticed that a lifeguard and vehicle was at Del Rio Elementary School a couple of days ago for a career day presentation. He asked if the junior lifeguard program manager would do those presentations.

MR. HADLEY noted it could be. Typically it would come out of operations, but that is something they could work out between the divisions to define who would be best to do that. They have to be careful not to commit resources out of the 108 funding category to do something that is not prepared for and supplied by the revenue generated from that.

CITY MANAGER JEPSEN understood that there was a lot of information here, especially for the 2 councilmembers who had not been through this process before. He encouraged Councilmembers to ask questions of any staff they feel is appropriate. Staff wanted to make all information available to the councilmembers.

2. **Public Communication on City Council Matters (Off Agenda Items) --** None

ADJOURNMENT

MAYOR JOHNSON adjourned this meeting to a Mayor and Council Workshop on Tuesday, June 4, 2002 at 2:00 PM. This adjourned meeting of the Oceanside City Council was adjourned at 3:35 PM, May 31, 2002.

ACCEPTED BY COUNCIL:

_____

Barbara Riegel Wayne, CMC
City Clerk, City of Oceanside

California

CITY OF OCEANSIDE

NOT OFFICIAL
UNTIL APPROVED AT SUBSEQUENT
MEETING BY CITY COUNCIL

MINUTES OF THE

CITY COUNCIL

June 4, 2002

ADJOURNED MEETING 2:00 PM COUNCIL CHAMBERS

Mayor
Terry Johnson

Deputy Mayor
Jack Feller

Councilmembers
Betty Harding
Carol McCauley
Esther Sanchez

City Clerk
Barbara Riegel Wayne

City Treasurer
Rosemary Jones

The adjourned meeting of the Oceanside City Council was called to order by Mayor Johnson at 2:00 PM, June 4, 2002. The Pledge of Allegiance was led by Deputy Mayor Feller.

ROLL CALL

Present were Mayor Johnson, Deputy Mayor Feller and Councilmembers Harding, McCauley and Sanchez. Also present were City Clerk Wayne, City Treasurer Jones, City Attorney Duane Bennett and City Manager Steve Jepsen.

WORKSHOP ITEMS

1. **Presentation and discussion of the FY 2002-2004 Biennial Budgets**

CITY MANAGER STEVE JEPSEN noted that the budget presentations would be completed at tomorrow's meeting. Staff would also present a summary of the supplemental requests, some of which Council would hear about today. Tomorrow, the City Manager would also present an errata sheet that listed a few overlooked items. The budget would be before Council for consideration on June 19.

A) **Administrative Services Department**

RON JACK, Administrative Services Director, stated that Chief Financial Officer Carol Swindell would present the Administrative Services Department (ASD) budget.

CAROL SWINDELL, Chief Financial Officer, reviewed the mission statement for the department. It focused on providing financial, budgetary, information technology, risk management, purchasing and revenue collection services to the City departments and the public.

The primary objectives were reviewed. The finance department work plan for the proposed two-year budget cycle focuses on continued implementation of the JD Edwards financial management and the budgeting software systems; continued timely financial planning, budgeting and financial reporting to Council and the public; work on refining and implementing the finance division strategic plan, which had recently been drafted; and work with user departments to enhance accounting, internal controls and financial

reporting. The budget focuses on training and best practices. They want to look at benchmarking their operations with other California cities and focus on providing the best quality services.

The next set of objectives relate to the Information Technology (IT) division. Their focus for the two-year budget will be on enhancing the Internet and Intranet websites to improve delivery of information to citizens and employees. They will assist departments with the deployment of several large-scale applications, including digital imaging for the City Clerk; the Supervisory Control and Data Acquisition (SCADA) monitoring software package for Water Utilities; development tracking for Public Works, Building and Planning; and the JD Edwards financial system for Finance. They will begin deploying client technology across the organization to reduce the cost of providing services; they will install and configure new audio/visual equipment for Council Chambers; and they will provide additional training to employees on technology tools and applications.

The revenue division's objectives include maintaining compliance and audit programs for City business licenses, transient occupancy tax (TOT) and municipal franchise fees; they would focus on ensuring timely billings, receipts and deposits for the several revenue areas for which this division collects money, including parking citations, business licenses, utility bills and other accounts receivable.

COUNCILMEMBER HARDING stated she is looking at the budget book, which shows server and network maintenance in the IT budget. She asked what it was and why it was increasing from $0 to $148,000 to $164,000. Then on another page she asked why building security and access control was changing from $5,000 to $0 to $60,000 to $61,000.

MICHAEL SHERWOOD, Chief Information Officer, responded regarding the building security item, stating the building control program was a transfer from Public Works. When the audio/visual employee moved from Public Works into IT, 2 new programs were established: one for audio/visual support for the Chambers and the second for the building control function, which is the cardkey access system for the City Operations Center, Civic Center and Police facility.

Several line items were broken out of the main budget into separate line items for tracking purposes. The server and network components are charged out by department now instead of charged in a pooled fund. So now departments are being charged only for their actual use. Last year, it was contained in the IT budget, and now it had been broken out so Council could see what is being spent.

COUNCILMEMBER HARDING noted that again this year, the only way to know what IT spent last year was to go back to last year's budget for a comparison.

MR. SHERWOOD said that was correct. Council could compare last year's budget with this year's budget by lumping it all together.

COUNCILMEMBER HARDING said that was very labor intensive on Council's part to have to compare the 2 budgets. She questioned how they would know how much it was last yea, how much it is this year, and what is the increase or decrease.

MR. SHERWOOD said that overall the IT budget decreased about 5%.

COUNCILMEMBER HARDING wanted to know the increase/decrease by line item.

MR. SHERWOOD said that this exact line item was not broken out last year. It was in fixed assets, lumped with a bunch of other equipment in general. The full amount of fixed assets has decreased slightly.

COUNCILMEMBER HARDING asked how often the line items would be lumped in throughout this budget. She understood Mr. Sherwood to say the $60,000 was because the personnel would be under IT, but this was not a personnel item listed.

MR. SHERWOOD agreed and reiterated that 2 pieces were transferred from Public Works: the audio/visual component, and the cardkey maintenance [$60,000] that was for the maintenance contracts that were previously budgeted in Public Works. He did not know how they budgeted for these programs last year in Public Works. These are transfers.

MS. SWINDELL went back to the revenue division objectives, which would also enhance online billing payments and viewing options that have been requested by the public in an effort to improve service delivery and efficiency. Beginning with this budget, the revenue division would bill and collect for ambulance billing through a new function that transferred from the Fire Department. Staff would interface with the Tri-City Medical Facility in an online capacity in order to improve the efficiency of billing operations and improve the collection rate.

The next set of objectives relate to the risk management function, which includes a loss control program that would focus on reducing costs from street tree damage to sidewalks, curbs, gutters, driveways, sewer blockages and tripping hazards that are the primary loss components for that division; and an inspection program that will focus on sidewalks, curbs and gutters through the use of a summer intern who would drive around and observe where there are potential hazards in the City. The division will work with the San Diego Pooled Insurance Program Authority (SANDPIPA), the regional risk management agency, on a feasibility study to look at establishing a property self-insurance pool for the region in an effort to control long-term property coverage costs. Finally, they will continue to provide timely claims status reporting to the appropriate City departments.

The Administrative Services Department has 4 divisions: finance, information technology, risk management and revenue and business activities. Overall, the ASD budget is increasing from $10,500,000 in the current year to just under $10,800,000 for a 2.2% increase. It would increase 4.4% to $11,200,000 in FY 2003-04.

The overall administration function will decrease by 9.2%. Some of those costs are distributed to the divisions where they are actually taking place. The proposed FY 2003-04 budget for administration increases by 4.9%. The finance division budget includes funding to enhance the overall service delivery of the department. The focus would be on training and improving the skill level within the department. The budget increases by 10.3% for FY 2002-03 and 4.7% for FY 2003-04. The revenue division remains basically flat, with a slight 0.8% decrease and a $2,000,000 budget for FY 2002-03 and a 4.1% increase for FY 2003-04. Risk management increases by 12.9% primarily because of the increased insurance costs, particularly after September 11. Their budget is proposed to increase to $2,200,000 for FY 2002-03 and by 6% to just under $2,400,000 for FY 2003-04. The information technology division budget decreases by 2.9% for FY 2002-03 to $4,700,000 and increases 3.6% for FY 2003-04.

She summarized the budget changes proposed for FY 2002-03. The finance budget focuses on providing resources to strengthen financial reporting and accounting systems. The budget also focuses on employee training and improving departmental skills. The revenue division budget reflects reductions in maintenance and operating costs and a transfer of the ambulance billing function from the Fire Department. The risk management budget reflects an increase in all categories of insurance and also funding for a loss control program in conjunction with SANDPIPA and the 13 cities in that joint powers agency. Finally, information technology includes reductions in maintenance and operating costs, and they have added some new programs for support of SCADA, public safety, audio/visual and building controls transferred from other departments.

In response to the comment about an individual driving around to look for cracked sidewalks or other problems, **MAYOR JOHNSON** questioned if the Oceanside Eyes program was still in place.

CITY MANAGER JEPSEN responded it is still working. They get hundreds of calls a day on the program. It has been very successful.

MAYOR JOHNSON suggested that the employees who read meters should report the addresses of areas that have problems/challenges.

MS. SWINDELL thought the Eyes program included a risk management function, but this proposal is focused on specific hazards that frequently arise in loss control programs.

B) **Personnel Department**

BILL McLEOD, Personnel Director, presented the proposed budget for the Personnel Department for the next 2 fiscal years. The mission statement for the department is to develop and retain a diverse, high-quality workforce to serve the City. This statement is consistent with the mission statement for the City.

Their primary objectives for this upcoming 2-year period are to assist the City Manager and department directors in decision-making and policy advice related to human resource management; to develop and formalize personnel and employee benefit policies and procedures, which is an ongoing practice; to administer labor relations and negotiate collective bargaining agreements -- the City has collective bargaining agreements with all but one bargaining unit and some agreements were long-term, such as with Police and Fire through 2005; provide day-to-day advice on disciplinary action and grievance. They administer recruitment, selection, compensation and training. In 2001, they administered 122 recruitments to continue the flow of new employees. This past year they bulked up the training area with some new programs, such as the new orientation program for all new employees.

The next point is to expand automation of personnel and benefit records and processes. The benefits manager and ASD are developing more user-friendly benefit procedures. For example, one program would allow employees to change their insurance coverage online during open enrollment rather than through a paper transaction. The next item is to administer the employee benefits programs that are consistent with the memorandum of understanding and the required legal mandates.

Another objective is to continue to expand specialized safety training for all segments of the workforce. The City is in complete compliance with all Cal-OSHA (California Occupational Safety and Health Agency) regulations; they have done numerous training programs for field employees since most of the training focused on field operations. As a result of that and in conjunction with other administrative activities, the department projected that they would only spend $1,700,000 of the $1,900,000 budgeted for workers' compensation in this current fiscal year due to a combination of a safer workplace, safety conscious employees and management and administrative monitoring of the workers' compensation unit.

Another objective is to develop and administer training for the workforce. They had partnerships with Ditmar Elementary School and Oceanside High School; they offered enhanced training programs for our employees, and part of the budget plan is to continue those over the next two-year period. The benefit is that they are able to dedicate one person full time to training and employee development. Another objective is to administer EEO programs consistent with Federal, State and City policies. Through David Medrano, the Equal Employment Opportunity (EEO) manager, they have increased activities considerably in the last year. They now have training in diversity awareness, sexual harassment prevention, the Brown Act and e-mail. To date, 303 employees have been through training.

The Personnel Department was divided into 3 units: Workers' Compensation and Safety unit; employee benefits; and the EEO function, personnel classification, pay and recruitment and labor relations.

The budget adopted 2 years ago had 16 full-time positions. In November 2000, Council added 2 more positions to the department, so they currently have 18 full-time, benefited positions. The proposed budget would eliminate one full-time position, ending up with 17 positions.

In the budget summary, in the General Fund they are increasing by 2.6%. Employee benefits showed an increase of 140%, and he would further explain that. The workers' compensation/safety budget was increasing 24%.

The summary of program changes is the same as all departments with an increase in salary and benefit costs. The training function is being transferred from personnel to employee benefits as a paper transaction that would allow continued emphasis to employees that the City viewed training as an employee service and benefit. The position being eliminated is the personnel manager position in employee benefits, which is no longer needed because of the quality of people who have come on board in the last 18 months. The increase in insurance premiums is reflected in employee benefits.

For the first time this year, they are including PERS costs in benefits to clearly identify what PERS costs the City. The PERS costs and why it jumps up to $14,000,000, or 140%, is that, with the exception of public safety, we are not actually paying any more for PERS benefits than we have in the past; we are simply adjusting the manner in which we are budgeting for it. This was not reflected in previous budgets. So the only additional PERS costs are in the public safety area. It is a paper transaction of sorts to show what our total PERS costs are. The PERS safety costs for this year was 11.3%. The PERS safety costs employer rate would be increasing to 14.39% in the coming year. So, the actual increase in the PERS cost from this year to last is $427,000; however, they under-budgeted for the current fiscal year. So if you add the amount under-budgeted plus the increased rate, the City's PERS rate for public safety would increase $857,000 for the first year of the two-year budget.

The other part of the budget worth noting is the health insurance and benefits costs. The health insurance rates for all cities in California are going up. The current actual cost to the City per employee averaged $390 per month. The presented budget takes into consideration the fact that City costs will increase in January 2003 to an average of $413 per employee per month, which was a $23 per employee increase and totaled $276,000 per year for that calendar year. Staff estimated that, if we assume a similar costs and PERS rates for the next year -- January 2004, we are budgeting at a level of $434 per employee. Those are the 2 costs reflected in the figure that increased 140%. Part of it is a real increase, and part was moving from one part of the budget to another.

COUNCILMEMBER HARDING asked if the Personnel Department was tracking everyone who attended the employee training to ensure that all employees, including Councilmembers, attended.

MR. McLEOD ensured Council that staff was keeping track of the participants in mandatory training. To date, 309 employees were trained in sexual harassment, 160 in e-mail and the Brown Act, and 44 in diversity in the workforce training, which had only met once thus far. The sign-in sheets were inputted into the computer records. Personnel staff would contact the departments to let them know which employees had not attended.

DEPUTY MAYOR FELLER mentioned that workers' compensation was the biggest non-return on investment that he had in his store. He hoped his only went up 25%.

MR. McLEOD said it was good news for this year that they budgeted $1,900,000 and were projecting actually spending $1,700,000,for a savings of $200,000. Notwithstanding that, staff proposes that the workers' comp budget has an additional $366,000, which would include $200,000 to start building a reserve, as recommended by a study by SANDPIPA. Currently, they are on a pay-as-you-go basis with a small margin for error for adverse experiences. There should be a little bit of a cushion there. They are also proposing an increase of $166,000 in case there were more claims.

It was exciting to see the changes made last year in this area. To give a specific example, in FY 2000-01, 77 claims were filed in the Police Department. With only one month left in FY 2001-02, only 56 claims have been filed. The payout and costs have been reduced by $250,000. More than 1,000 employees have been trained in aggregate, meaning some have gone through more than one training session in safety. Staff hopes the reversal of the trend in workers' comp costs would continue.

MAYOR JOHNSON stated that over the past several years Oceanside had some high-profile lawsuits from the public and from employees. He asked how those lawsuits affected the means to do business and how that affected the City's insurance ratings. He asked what the cost of doing business was when it came to lawsuits.

MR. McLEOD said the part of his budget that deals with risk management is the workers' compensation section, which was trending downward. Another part of the budget dealing with general liability or the fund for lawsuit settlements was a different budget. One of the reasons the City was offering so much training in sexual harassment prevention and diversity was to proactively try to prevent those things from happening. As far as the insurance aspect, he deferred to City Attorney Bennett or Mr. Jack.

MAYOR JOHNSON heard that it was getting better, but he knew how difficult it was to change the mindset or the locker room mentality.

CITY ATTORNEY BENNETT said that anytime the City had internal lawsuits, they tax the resources of the City from several perspectives. They tax the City Attorney staff's resources. Many internal lawsuits require the retention of special counsel because staff ends up in conflict of interest situations where we would be at odds with one another, so there is a financial and litigation burden. Personnel's functions are affected by internal lawsuits through the often-related disability claims, stress-related claims and workers' compensation claims that build on the system. When there were internal grievances, somebody was stressed and had a workers' compensation claim. Obviously, internal grievances/lawsuits may require special investigations, in which case the retention of outside counsel would be needed, and that is also a financial issue.

The risk management function was impacted because of the expenditures for attorneys and investigations. As these matters progress or escalate, all budgets are impacted.

MR. JACK stated the City carried a pool of about $1,200,000 to pay for lawsuits and damages. As of this year, the City had only expended about 50% of that. In that sense, they were doing well. The thing that is different is that they carry a line item for special litigation for outside investigators and attorneys, which will probably run $250,000 for this year. In a sense that is probably a good move because what they are doing is working the cases at the core part of the problem in the department rather than through litigation. It does tax resources in the departments. Staff hoped that with the training they will establish a threshold of higher sensitivity and the ability of employees to work together.

Regarding worker's comp, **CITY MANAGER JEPSEN** wished to clarify that $700,000 was budgeted for year one in the workers' comp reserve, and $200,000 was budgeted for year two. An actuarial study of workers' comp showed an outstanding liability for all open claims in excess of $3,000,000.

MS. SWINDELL said it was actually about $6,700,000. The study recommended setting aside $700,000 a year until the City got to $350,000 in total reserve.

CITY MANAGER JEPSEN said that the liability had been paid on an ongoing basis out of money budgeted for workers' comp. Although there were a number of open claims that caused the City to need to establish a reserve eventually, it was not cast in stone. The actuarial study recommended a certain level, but there was some flexibility there.

COUNCILMEMBER SANCHEZ asked if the $6,000,000 was the amount the City had agreed to or if that was the amount of claims.

CITY MANAGER JEPSEN explained that the City had a number of outstanding claims that had not been brought to resolution yet. If we had to pay them all at once and settled out at an anticipated amount, the cost estimate is $6,000,000.

MS. SWINDELL clarified that some claims were paid yearly. Therefore, they projected that, if the claims were paid over the life of the individual or for a certain number of years and they aggregated that cost of $6,700,000, a reserve of half of that at $3,500 is what the study recommended.

COUNCILMEMBER SANCHEZ asked if the $6,700,000 was for settled cases.

MR. McLEOD said that some were settled, and others were not. For example, if someone was injured and got a partial disability rating of 10%, but they were still working for the City, they would be paid on an ongoing basis, which is an outstanding future liability. The auditors are saying this amount was for current cases working or cases in which the City would have a future liability, say for lifetime medical.

COUNCILMEMBER SANCHEZ questioned if the $6,700,000 includes the settled and unsettled cases.

JEAN TOBIN, Safety and Workers' Compensation Manager, said that in January 2002, the City had approximately 360 open claims; that included all open, non-settled claims and future medical claims. So if the City were to cease to exist tomorrow, it would have to buy out all these claims, which would cost approximately $6,700,000. These cases included those that had awards from the workers' compensation board and some that did not because they had not been stipulated with a judge at the workers' compensation board. So it is a composite of all those and some that we do pay future medical on. Currently, the City has under 300 open claims, and staff was further reducing that number.

COUNCILMEMBER SANCHEZ asked how that compared to past years.

MS. TOBIN believed that for open claims this was the lowest it had been since 1997. There are approximately 110 future medical claims and about 190 active claims that staff worked on daily.

COUNCILMEMBER SANCHEZ asked about the obligations of the City and wanted a listing of our entire debt.

MS. SWINDELL said they could provide that information, although it was not a bonded debt item. It was an obligation of the City that could be added to the list.

C) **Library/Recreation Services Department**

DEBORAH POLICH, Director of Library and Recreation Services, presented the proposed 2002-03 and 2003-04 budget for the Department. She introduced the management team that compiled the proposed budget: Ana Alvarez, Terry Goodman, and Donna Arnold. She also introduced Library Board members present.

Ms. Polich will review the library's base budget and 2 supplemental requests and then the recreation budget with one supplemental request.

She reviewed the mission of the Library and Recreation Services Department to meet the informational, educational, recreational and cultural needs of the community through a connected network of programs and services.

The primary objectives are to deliver educational, recreational, cultural, civic and special programs for all ages; provide an outstanding collection of library resources and

information to the community; foster literacy and lifelong learning for all residents; plan and develop parks, athletic fields and recreation facilities to meet the needs of the community; and also provide a wide variety of sports, athletic and recreational opportunities to enhance the quality of life in Oceanside.

She reviewed the organizational chart for the department, which consists of 2 divisions: the library division and parks and recreation division. The library division has 9 programs, and recreation has 9 programs as well. This budget reflected new names and descriptions for the recreation programs following the reorganization to reflect the community-wide service components. Facilities were still attached to each program as in the past.

Overall, the library proposed base budget increased by 0.5%. Parks and recreation increased 21.2%. The overall departmental increase was 8.4%, which does not include the supplemental requests that she would present. There are 3 major cost centers that affected these numbers. As in all departments, salaries and benefits increased. A salary classification and compensation study affected many of the staff, as well as minimum wage increases; many part-time hourly extra help had increases as a result. The second major cost center is energy increases. Over $163,000 in electrical utility increases occurred in recreation this year. Most programs had some interfund service charge increases reflecting maintenance and IT costs.

She next discussed the budget summary by program for the Library: Administration was somewhat reduced by 1.7%; Youth services increased 5.1%; Adult services increased 16.3%; Support services stayed about the same; bookmobile budget went up 5.9%; Mission Branch decreased 3%; community computer center had a 5.5% increase; Adelante was a very small program, so any increase in that fund did make a large percentage, which explained the 34.6% change; and the literacy programs were showing a decrease of 26.5%, which she would explain further in the supplemental requests.

She highlighted what caused some of the major changes within each program in the library. In the library's recent reorganization, the assistant library director position was eliminated. Instead, there was a principal librarian position created in adult services. They also added some funding in equipment, looking at purchasing some computer booking software. With 81 public computers, people reserve time slots and use the computers constantly. More than 89,000 people used the Community Computer Center last year. Staff hopes the purchase of scheduling and reservations software would be self-service where people could reserve time slots for the computers, and it would monitor their use and time them out when they are done. It would be a staff and service efficiency.

The Administration budget included a new pool for ongoing maintenance. The library really needs to replace some of the public furnishings that were really worn. Money was set aside in year one and two to allow replacement of furnishings on an ongoing basis.

The Youth Services area showed a decrease for the library book and materials budget. She would explain that in the supplemental budget request. The Governor's proposed budget reduced the public library foundation funding by 43%, and that number was unknown when the printed budget was prepared. There would actually be an even greater reduction if the State budget is approved, and the Governor does cut the public library foundation funds as staff expected. The Adult Services budget added a principal librarian position and has salary and benefit increases. Youth services and Adult services would be most affected by the cut in the public library foundation monies.

In Support Services, there is a slight decrease in personnel because a portion of our budget coordinator's salary is now being paid under recreation administration. Due to inflation, there was a slight increase in processing supplies.

The Bookmobile is 13 years old and needs ergonomic adaptations and maintenance, for which they budgeted. The Mission Branch budget decreased interfund charges as a result of the revision of the maintenance and operation charges for the facility. With

Adelante, they received a CDBG grant to partially support this program, and some of that funding would be used to paint the vehicle and put in some money for the purchase of an awning to protect from the weather and sun.

The Literacy program was made up of 2 grant-funded programs. ELLI (English Language Literacy Intensive) is in the second year of the 3 years worth of funding. Therefore, the budget reflects the grant funding for ELLI in the first fiscal year, and the second fiscal year shows $0. That was why there was a large decline in the literacy budget; the library would not be getting funding for that next year. Staff would be seeking other grants and sources because it is an outstanding program. At this time in the budget, there was no funding for ELLI. The Oceanside READS literacy program has funding in the current base budget that is sufficient to support the program for 6 months at its current level, and she will explain further.

The Department had 3 supplemental budget requests: first is for literacy, at $26,920 in FY 2002-03 and $39,445 in FY 2003-04. In order to maintain the collection of library books and materials at the current funding level with the reduction in the public library foundation money, they would need $128,280 the first year and $127,300 the second. The third request is the after school programs, for $98,270 in FY 2002-03 and $98,435 in FY 2003-04.

Regarding the supplemental literacy request, she reviewed the funding history for the Oceanside READS literacy program over the past 5 years since the program started in July 1997. In the first 3 years it was funded by the State Literacy Grant; in year 4 the funding was reduced to 75%, but we continued operating; and in the fifth and current year, the State grant provided $68,496. In the last budget, Council approved a General Fund contribution to the program in the amount of $25,100, so the total literacy budget this year is $94,349. Staff's proposal today is to include that General Fund money that is in the base budget and an additional $26,920 to offset the reduction in the State library grant. They do get State matching funds so for every dollar of local money. Be it General Fund, CDBG or outside grants and donations, the State library will pay 16.3% in matching funds. The library received a $1,000 donation from Wal-Mart. Staff anticipated about $9,000 from the San Diego Union-Tribune, which was donating $1 each month to the literacy program for every new newspaper subscriber in Oceanside. The library also has a CDBG grant in the coming year. With that supplemental allocation, the literacy program could continue at its present level. In the second year, grants and donations are unknown, but they would need that contribution in supplemental funding to keep the program in operation. It is important to see how the program compared to other literacy programs.

COUNCILMEMBER McCAULEY asked if IDEC's donation was included in this program.

MS. POLICH responded no; the $5,000 was for library books and materials for science books. That was not a literacy donation.

Every public library in the County has a literacy program, so she discussed the ones most comparable to Oceanside's. Oceanside's current budget at $94,349 was lower than any of the other programs.

The second supplemental request was for library books and materials. In FY 2000-01, the City relied extensively on public library foundation money for the collection. That funding had always been used strictly on books and materials and never for operating or for personnel. A General Fund contribution of just over $60,000 supplemented that. The other revenue category is made up of contributions from the Friends of the Library, the video rental fees, gifts and donations. The projected book budget without a supplemental augmentation would be a 25% cut. The library measured and benchmarked with other cities based on per capita expenditures. They divided the book budget by the population to find that number. With a 25% cut, the per capita expenditure would go down to $1.91. If they received the supplemental request, it would meet the FY 2000-01 level. She noted that Oceanside was currently at $2.56 per capita on books and materials.

DEPUTY MAYOR FELLER said this information shows why we need more discretionary funds in the General Fund to offset some of these programs. Carlsbad spent $9.79 per capita on books and materials compared to Oceanside's $2.56. It would be great to have the revenue generated in Carlsbad.

MAYOR JOHNSON stated that the City should not take lightly what Deputy Mayor Feller pointed out. It was important to have the funds to be able to do more for our residents. That message should be taken to the public. This is a perfect example that the more capital or revenue within the City, the more the City can do for its residents. The library and recreational services are important to quality of life in Oceanside. It is similar to households: the more money in an individual's account, the more that individual could do for their family. Oceanside has to do a better job of increasing the economic tax base; the City needs more money to do more things for our residents.

COUNCILMEMBER SANCHEZ asked if the debt for the Mission Branch Library was reflected in the budget anywhere.

DONNA ARNOLD, Senior Management Analyst, **said** they have a line item for debt service for the Mission Branch Library, which shows $70,967

CITY MANAGER JEPSEN said that when the library and police site at 802 Pier View Way went into the new facility, the rents they were paying for their former sites were carried forward and applied to the debt service. The City owes in excess of $10,000,000 for the police and library building they are now in. The annualized debt service that is in the capital improvement program (CIP) ran about $850,000 per year.

MS. POLICH said the charge currently budgeted was $70,967 for FY 2002-03 and $73,096 in FY 2003-04.

To further clarify, **CITY MANAGER JEPSEN** confirmed that they had paid rent, which was going up every year, so built into the budget was what they were previously paying for rent for the library and police, and that is a General Fund contribution back to the debt service for the new police/library building. In addition to that, the City picked up the debt service through the community facility fund in the CIP for the balance. The combined debt service is in excess of $850,000 a year, of which $70,000 is being paid through the library budget.

COUNCILMEMBER McCAULEY said the way that the library is growing is phenomenal. It appears the supplemental requests are for bare minimums to keep things going. She asked if there was concern about having to cut back on hours of operations or programs if they did not get the supplemental funding.

MS. POLICH realized that there were difficulties with the capability to fund everything Council would like to fund. The City received information that this cut would come from the Governor just before the budget was put together. Staff has not seen the final number from the State yet. Staff would look carefully at how to minimize the effects. It would not behoove the library to have brand new chairs if they did not have books. They also would not necessarily need the computer reservation system if they had to take such a terrible cut in books. She hoped Council could do something that would allow the library to move forward in both of those areas, because they were needed too. Obviously, the books, facility and service hours would be her first priority. Service would certainly be impacted if they lost $128,000.

MAYOR JOHNSON recalled that a number of years ago the library was closed on certain days and had severely restricted hours of operation. It was very disheartening as a policymaker to not have the means to assist the library back then. He would hate to go back to those days when services were severely restricted because of lack of funds. He wished that Oceanside were a city with $300,000,000 in reserves, as some cities have. Oceanside is not a poor city, but it did have a severe leakage of money to other cities because it did not have the means of capturing those dollars as some of the neighboring

cities do. He hoped that the Economic Development and Redevelopment Department would shed some light on how the City could retain a bigger chunk of money so it could continue to do a better job of servicing the City through this department.

ANA ALVAREZ, Parks and Recreations Services Manager, said that parks and recreation services was committed to enhancing the quality of life for Oceanside residents and serves as a change-agent in building strong families and strong communities through people, parks and programs.

Parks and recreation services facilitates a wide variety of programs and services through 12 City facilities, the management of 2 golf courses, the programming and scheduling of 5 athletic complexes and the oversight of 35 neighborhood parks. As previously mentioned, parks and recreation services has reorganized to functional, citywide service areas that include the management of one or more facilities in each area, as well as incorporating the park system.

Those areas are referred to in terms of functions as sections and include 9 specific areas: youth services, neighborhood based services, recreation and leisure, sports and athletics, senior services, aquatics services, special events/cultural arts and the recreation programs. Recreation program is not a service area, but rather an enterprise fund that supports overall recreation programs. It was like an umbrella to generate fees and revenues that go back into the general programs and services provided.

Staff will review each of the sections' budgets and highlight the budget changes. The parks and recreation administration program is new in this budget. It was created through the transfer of funds for the overall existing services from existing budgets. It did not really represent an increase but an added item. Previously, as an example, her salary was divided into 15 different areas throughout the budget. Now, everything is centralized. The personnel costs added are $300,000, and the additional operating costs are $26,660, mainly for postage to mail the commission packets and agendas. The interfund charges were transferred from the service areas into this as well.

The youth services section takes an active role in the healthy development of youth through the prevention and intervention programs, as well as by ensuring safe places to gather, and providing alternative recreational opportunities for young adults. The program includes the management of John Landes Recreation Center. It also incorporates the oversight and management of the skate park components and the school-based after school programs, which she would discuss in the supplemental request. This division would also oversee the activities that would be generated and initiated through the newly developed Youth Commission. The decrease in personnel costs was due to the reorganization to create the administration component. Also, the temporary skate park would come to an end by the following fiscal year, which would lead to a change from staff-supervised facilities to unsupervised facilities with the adoption of the new skate ordinance. Operating costs would increase $15,000 to maintain the skate elements presented at the last park workshop. The interfund charges decreased because of the transfer to administration.

Neighborhood based services is part of an overall multidisciplinary approach to build strong communities. This neighborhood section facilitates and provides recreational, cultural and educational opportunities to high-risk, targeted communities. Such identified communities are described as having high density, low-income youth and seniors in specific geographic areas, such as Eastside, Crown Heights and Libby Lake. Services are provided through parks and recreation facilities, such as the Joe Balderrama Recreation Center and the Americanization School, and include park improvements and design of specific parks, such as Cesar Chavez Park, Libby Lake and Joe Balderrama Park. This service area collaborates with social service agencies and most importantly with the Housing and Neighborhood Services Department to address the overall needs of the community. Some of the changes in the budget included a personnel decrease, mostly due to the reduction in the CDBG grant for this coming fiscal year, and the transfer of personnel costs to contractual services. Most of the cost increases in recreation in general come from the

utility increases. The interfund charges decreased due to the transfer to the administration office.

The recreation and leisure services section would facilitate and provide year-round and seasonal camp offerings. It also identifies overall gaps in services while addressing key recreational trends and facilities or provides services in specific geographic areas that fall outside a recreational facility service radius. Each recreational facility has a 2-mile radius for service, and there was a section of Oceanside not being served by the facilities. The rec express program allowed staff to take services to those specific geographic areas. The rec express program is a mobile recreation component, which has provided services to children during the summer at different park sites, such as Fireside Park and Oak Riparian Park. The budget changes include an increase in personnel due to the conversion of the ¾-time benefited positions. Interfund charges increased due to IT and Public Works for building maintenance.

The sports and athletics section facilitates and provides youth and adult sports as well as City and Oceanside Unified School District athletic fields and complexes. In collaboration with the community-based sports organizations, they bring communities together to engage in healthy, active lifestyles, as well as enhanced school-based athletic teams, through specialized sports clinics and camp offerings. This section oversees the Beach Recreation Center and the gymnasium on North River Road. The personnel decreases are due to transferring personnel to the administration program, including an administrative analyst II, a program manager and a recreation specialist.

Ms. Alvarez brought attention to the electric utility increases of $72,000 for this year in addition to what was paid last year. Last fiscal year, they paid $86,000 for utilities. The lights at the athletic field complexes generated 90% of those charges. With the addition of the $70,000 calculated to accommodate the current rate, electricity would cost $156,000.

Senior services is a successful component and provides programs and services for seniors by providing places where mature citizens could gather and participate in activities. The service area targets outreach services to homebound seniors. The changes in this budget include transferring a full-time recreation specialist II out of sports and athletics to senior services. In previous years, the center was operated by one full-time recreation supervisor and one full-time custodian. Like most cities, senior citizen centers were pretty much managed by seniors themselves through their volunteer hours, but they were able to transfer one more full-time body to the center due to increased programs/services.

[Mayor Johnson left the meeting at 3:35 PM]

The aquatics services division was also known in previous years as the Brooks Street Pool or Marshall Pool. This year, aquatic services not only incorporates the 2 pool facilities, but also would oversee the surf camps and aquatic camps in response to changes in the California Health and Safety Law. The personnel increases of $49,000 are due to the conversion of extra hourly help lifeguards into ¾-time benefited positions to cover the increased programming for the surf camps and to continue providing lifeguarding services at the pools. That also facilitates the opportunity to retain lifeguards. The electric utility increase was one of the major cost centers. The decrease in the interfund charges was due to the shift to the administration budget.

The special events/cultural arts program incorporates the management of the Sunshine Brooks Theater and Heritage Park. This is where we process all City and non-city permits for special events. The personnel decrease is due to a transfer of positions. They also upgraded a position by transferring positions within service areas. Special events for the next fiscal year and subsequent years would be supervised through a recreation supervisor rather than a program specialist. In addition, they would have extra hourly help to man and attend the weekend events. The biggest cost center is for utility charges for the Sunshine Brooks Theater. The interfund charges decreased due to the reallocation to the administration program.

The recreation program is an enterprise Fund 108, which was where all revenues and program fees were collected to sustain those programs. The greatest changes is they are moving away from being dependent upon the General Fund and they are putting the money back into the programs to subsidize the extra hourly help. Those interfund charges that really belonged in the administration program were transferred over.

[Mayor Johnson returned to the meeting at 3:38 PM]

The supplemental request was for a school-based after-school program. Staff requested an additional $98,270 for FY 2002-03 and an increase to $98,435 for FY 2003-04 for program supplies. This program has made its mark in the State through the Helen Putnam Award. The California Parks and Recreations Society used Oceanside's program to model other programs. This program was initiated in 1995. Since then over 7,000 Oceanside children had been served. This program focuses on children who were most at risk without parental supervision. The school-based after school programs are a collaboration at 6 local schools with Oceanside Unified School District (OUSD), the County and the State Department of Education through OUSD. The programs are offered from the end of each school day Monday through Friday until 5:00 PM at elementary schools and until 6:00 PM at the middle schools for an average of 200 days. During the summers, the program is offered at the middle schools. The program began at just 2 schools, 2 days a week with 3 hours each day and serving a maximum of 40 children each. From that, the program grew to 6 school sites, at which currently 550 children are served, with a waiting list at each school.

SHINE has been awarded the Helen Putnam Award, and the County of San Diego honored SHINE with a County proclamation. If she could duplicate the collaboration through all the programs and services of the recreation division, the City would be 3 to 4 times ahead of the game. One of the primary objectives for this particular program of youth services is to be able to expand some of the services to some of the additional elementary schools with a cost recovery component. The SHINE program serves as an umbrella for all after-school activities.

Regarding revenue sources, San Diego County contributed $48,000 through the critical hours grant; the school district gave $70,000 through the safe neighborhood and learning program grant; and the City's general fund support of the program was $55,000 and $60,000 the following year. The supplemental request would allow the program to continue to provide the same services. The cost from the General Fund per child per year would be about $300.

DEPUTY MAYOR FELLER noted that the City paid for the huge utility bills totaling $156,000. Pop Warner, Little League and other users of the fields benefited from the fact that the City did not charge the leagues for electricity. This was another example of why the City needed to provide these services. These leagues could not survive if the City charged them for electricity.

COUNCILMEMBER McCAULEY noted that she and Ms. Alvarez had a discussion a few months ago about leagues from other cities using Oceanside's parks and fields. Ms. Alvarez had explained that surrounding cities and parks charge visiting cities additional charges for the use of their fields. We don't. They discussed the necessity of charging as much as other cities do for visiting organizations. She asked where we are with that.

MS. ALVAREZ said that Oceanside has the cheapest fees for use of athletic complexes. Neighboring cities have additional charges for non-resident sports activities on those fields. The primary objective of the sports and athletics program is to precisely quantify and do a comparative study of surrounding cities as well as to create an enterprise 108 Fund for that money to go back into park maintenance for the fields.

COUNCILMEMBER McCAULEY said the City did not want to have to burden its own youth groups with some of these costs unless it was absolutely necessary. If staff could expedite that portion of the analysis so the City could start charging extra fees now,

that would allow the City additional funding and may give fields resting times if organizations from other cities realized they were not playing here cheaper than they would in their own city. She asked that something come back soon on that.

MAYOR JOHNSON said that staff should be sure that Oceanside teams have preference and first rights to use the fields, if they did not already do that.

COUNCILMEMBER HARDING said that the City did not have any after-school programs in the Vista Unified School District, although we have over 7,000 attending there, which **MS. ALVAREZ** confirmed.

COUNCILMEMBER HARDING was concerned that if we charged Vista for use of fields, we would be charging our school kids because it was a different athletic league. She also wanted to know if the school district had been asked to come up with a little more money.

MS. ALVAREZ noted that she failed to mention that the school district already provides additional support by providing transportation, which was quite a burden.

CITY MANAGER JEPSEN commented that this budget with a 24% increase was pretty significant. Staff presented a base level budget that would just continue the services the City currently offers. We did some equity studies on the recreation personnel and found that they were woefully underpaid in several areas, including aquatics, which led to the difficulty in hiring and retaining lifeguards. So a fair amount of the budget increase for recreation was to pay ongoing salaries to keep programs at base level.

He reiterated that the supplemental request for the after school program would continue the program at its current level. The program had grown over the past couple of years. The recreation division was exploring the possibility of charging some nominal fee for this service, but that may not be possible since the majority of the students are from impacted families and perhaps cannot afford a nominal fee.

Staff would also be looking at user fees for the fields, recreational facilities and program uses.

MAYOR JOHNSON recalled when the after school program was first being discussed. Mayor Susan Golden initially introduced the 6 to 6 program in San Diego, and Oceanside's Council agreed this city should have something similar to assist Oceanside's kids. They talked about the possibility of making this program citywide if the funding was ever available. In a city as large as Oceanside, 6 schools barely scratches the surface.

CITY MANAGER JEPSEN had a brief conversation with Superintendent Ken Noonan who believed this would be a challenging year for the school district as well for them to keep up with its portion of the transportation costs associated with the program. As much as he would like to see the program expand, he thought the City would be doing well to hang on to what it had. The City needs to hear back from the school district on their ability to contribute their portion to this program.

MAYOR JOHNSON agreed. The desire to expand reinforced the necessity to enhance and increase the economic tax base. The community had significant needs and needed more money to meet those needs.

TRACY SMITH, Director of the after-school programs for the City, spoke with Superintendent Noonan about 6 weeks ago. He committed to continue transportation at all 3 middle schools. At this time, they are slated to go with all programs. They would also like to see this expand to more elementary schools if funds were available.

COUNCILMEMBER McCAULEY commented on something Councilmember Harding mentioned about the concern of charging other organizations by the school districts. What she and Ms. Alvarez had discussed had nothing to do with the school

districts. Her suggestion was that any organization with a permanent address within the geographic boundaries of the City of Oceanside would not have to pay any more for these fields. Any organization whose permanent address was outside of Oceanside would be charged because they could not track the children that were living in Oceanside and not.

COUNCILMEMBER HARDING had spoken with City Manager Jepsen a long time ago about the need to realize that our golf courses are part of the recreation department. A portion of that income should go to the recreation department as soon as possible. We need to look at that because the money has been going to the General Fund, which then pays parks and recreation. Maybe it is only a paper shuffle but it would be more realistic.

[Councilmembers Harding and Sanchez left the dais at 3:58 PM]

D) **Housing and Neighborhood Services Department**

MARGERY PIERCE, Director of Housing and Neighborhood Services, stated the mission of the department is to promote healthy neighborhoods by providing services to enhance the quality of life for the citizens of Oceanside. Their primary objectives include to develop affordable housing for families, seniors and special needs households; to continue providing rental assistance to the 1,500 households currently on the Section 8 program and increase the Section 8 program over the next 2 fiscal years by 130 units; and to make approximately 24 single-family home loans for rehabilitation and 60 mobile home rehabilitation grants. They currently monitor about 850 affordable housing units, including the Women's Resource Center's transitional housing project, the YMCA North Coast OZ teen shelter, Marisol Apartments, the 5 bond-financed complexes, density bonus units and coastal replacement housing. They work with nonprofit and for-profit developers towards meeting our Housing Element goals. They also administer the Mobile Home Rent Control Program, including annual adjustments for over 2,600 mobile home spaces; and they administer the Community Development Block Grant (CDBG) program by procurement of applications, review by various commissions and allocation by Council. They then monitor approximately 30 sub-recipients and provide assistance for the development of the Capital Improvement Projects. We administer affordable housing programs that include the Federal HOME Program, the redevelopment low- and moderate-income housing set aside fund and the inclusionary housing program. They staff the Oceanside Mobile Home Park Financing Authority and are in the process of negotiating the sale of Laguna Vista Mobile Estates. As a requirement of the CDBG program, they are also responsible to administer a Fair Housing Program which includes an audit for discrimination or disparate treatment.

They have a mortgage credit certificate program, and they continue to apply for funding when available from the State. They staff the Housing Commission, the Residential Rehabilitation Loan Committee, the Manufactured Homes Fair Practices Commission and the Child Care Committee. Additionally, they staff and operate 4 community resource centers.

[Councilmember Harding returned at 4:01 PM]

Staff works to develop specialized programs with non-profit agencies that serve low-income residents and neighborhoods. They create and participate in programs that will promote and foster increased affordable childcare for Oceanside residents. They administer and sustain the Healthy Cities programs. They prepared the Calle Montecito plan and are now working on preparing a plan to revitalize Crown Heights. Their goal is to complete construction of the Libby Lake Community Center and 28 new affordable homeownership units at that site. They support neighborhood enhancement projects. They also carry out code enforcement activities throughout the City, and assist with the development of various citywide recycling programs.

[Councilmember Sanchez returned at 4:01 PM]

The organizational chart was divided into program areas and functions. The department has 48 employees funded in the department. An additional 2 employees will be

funded out of the Water Utilities Department specifically for the wastewater and ground water enforcement activities but the employees would be working in the code enforcement division.

Budget summaries by program show that the CDBG program decreased; however, that did not reflect the social services allocations made by Council on April 17. The final budget document should show relatively no increase or decrease since we receive about the same amount of money each year. Program development shows an increase of 56% because they have now put the grant money, that was not shown in the 2001-02 budget that the City receives and administers for the transitional housing Women's Resource Center, in this area. It is reflected in the 2002/03 budget. In addition, the new allocation for the administration of low- to moderate-income housing fund is included. The overall effect was about a 22% increase.

The dedicated funds for the rehab loan program were usually pretty stable from year to year. The 7% decrease was due to Council shifting funds mid-budget last year into rehab loans to handle a foreclosure. When the City gets the money, it replaces the money it costs to initiate the foreclosure. Staff did not anticipate any foreclosures this year, which led to the 7% decrease.

COUNCILMEMBER HARDING asked how much was taken out of program development for the Women's Resource Center facility on Apple Street and what the capacity of that facility is.

MS. PIERCE said it costs $148,786 per year, and there are 23 transitional housing units. The capacity depended on the number of people in each unit and the level of turnover. The turnover goal was every 6 months as people became self-sufficient; however, the Department of Housing and Urban Development (HUD) grant allows residents to stay in transitional housing for up to 18 months. She said the time spent in this housing would increase since permanent housing was becoming more difficult to find.

DEPUTY MAYOR FELLER asked if the units at Women's Resource Center included any of their other facilities outside of the one particular location discussed.

MS. PIERCE said it did not include any of their other safe havens.

[Councilmember McCauley left the dais at 4:07 PM]

Continuing, the Section 8 program is basically what the City receives from HUD to administer that program. Staff estimates approximately a 4% increase. The mortgage revenue bonds program shows a decrease from FY 2001-02 to FY 2002-03 because Council has already appropriated funds for the Solutions for Change family shelter to be developed in the City of Vista. So those funds are not available, which accounted for the 47% decrease.

Staff anticipates a 3% decrease in mobile home rent control and an increase in the following year. Revenue is based on how many spaces stayed regulated during the program year, and the parks pay a registration for administration.

The resource centers budget increased 15%. Like all the other budgets, the increase is due to compensation changes and to the 6 community resource center assistant positions that were previously under-funded. Additional interfund charges hit the resource center budgets because of the computers available to the public in the 4 resource centers.

[Councilmember McCauley returned at 4:09 PM]

The HOME funds decreased 62% because what was shown in FY 2001-02 budget was the carry forward of the HOME funds that had not been spent. The proposed FY 2002-03 budget actually reflect what we anticipate receiving in the HOME Program in the coming

fiscal year. Again, the HOME Program is a fairly stable program in that the City receives between $700,000 and $800,000 every year from the Federal government.

Code Enforcement has been refined and reflects the contribution from the General Fund. Code Enforcement is also funded with solid waste funds and CDBG money for Code Enforcement activities in targeted neighborhoods. The move from the Building to the Housing Department in mid-year of this budget cycle did not actually get everything shifted. They found out how much space was dedicated for code enforcement and the number of computers they had. So in this budget they tried to refine those figures to accurately reflect the move. Also, Public Works will transfer $30,000 to Housing and Neighborhood Services for the encampment cleanups that code enforcement handles.

The CalHome program increased 173% because the City received funding that would end in April 2003. That's why it shows a 100% decrease in the following year.

As a summary of the program changes for FY 2002-03, she reiterated that the final budget would reflect the appropriations Council made on April 17. In the following year, staff would know how much money the City would get and how Council would allocate it. That information could not be reflected in a two-year budget because staff did not know what the allocations would be.

COUNCILMEMBER SANCHEZ understood that a couple of programs that requested CDBG funding might not be using those funds. For example, the Y day care program was ending. Also, funds for the nature center would not be needed if a grant were approved. She asked if those funds would be available to Council to re-appropriate. For example, a group had requested $2,000 for taxi vouchers.

MS. PIERCE believed the Y's funding was for capital improvement to the building and not operations, so those funds would go back into the contingency account and would be available for Council to allocate for another CIP type of project. As with any social service funding dollars that were not used, they go back into the contingency fund and would be available for Council reallocation. Regarding the taxi voucher program, specifically, it poses an interesting question. For that program, being only a $2,000 component of their entire request, it made it an ineligible funded activity because of the $7,500 threshold. However, the Council could choose to allocate a lesser amount through the contingency fund to that program. For money returned to the contingency fund, Council has considered requests on a case-by-case basis. Staff would not allocate additional funds to any program without Council's direction.

COUNCILMEMBER SANCHEZ asked if there was a general consensus to fund the $2,000 taxi program.

CITY MANAGER JEPSEN said staff would agendize that to be brought back to Council at some future date.

COUNCILMEMBER McCAULEY said that she would be willing to consider this item on a future agenda for that amount.

COUNCILMEMBER HARDING said that to do this fairly, they should follow the guidelines Council approved. She would like to see all the items Council did not fund. She might have a different priority.

COUNCILMEMBER McCAULEY suggested that it all be brought back.

CITY MANAGER JEPSEN heard enough to move forward with Council's request.

MAYOR JOHNSON asked if City Manager Jepsen planned to bring it all back, basically as a second round of CDBG hearings.

CITY MANAGER JEPSEN said he would put it on the agenda under City Manager items as a discussion item on June 19 to get direction on CDBG issues and process.

[Councilmember Sanchez left the dais at 4:20 PM]

Continuing, **MS. PIERCE** stated that in the rehab loans, again the difference in the budget decreasing 7% was due to the one foreclosure action. The Section 8 interfund more accurately reflects the programs; the interfund increases are substantial. Section 8 is the largest program and is adjusted to more accurately reflect the number of people working in that area and the amount of space and equipment they used.

The increase in mobile home rent control maintenance and operation was due to the increase in consultant costs to prepare the analysis for the special rent adjustments. The HOME Program reflects unspent previous allocations that will be carried forward to FY 2002-03. The resource centers 2002-03 have increased personnel costs due to previously under-funded positions. The interfund increase was due to the computers at the centers. In addition, the substantial increase in FY 2003-04 was for the debt, operations and maintenance of the new Libby Lake Community Center. Code enforcement personnel increased due to a salary survey/compensation study. She reiterated that Public Works would transfer $30,000 for the encampment cleanup responsibilities, and the interfund charges from the Building Department should be with the code enforcement division. CalHome was a program that would likely go away in April.

[Councilmember McCauley left the meeting at 4:23 PM.]

Procedurally, **MAYOR JOHNSON** noted that Councilmember McCauley had to leave, but he would like to continue. We need a fourth councilmember to proceed, so Councilmember Sanchez needs to return from her phone call.

CITY MANAGER JEPSEN stated that Councilmember Sanchez just advised him that she had to leave [4:24 PM]. With Council's new guidelines, this item would need to be carried forward.

Although Council directed staff to change the policy to mandate that 4 Councilmembers must be present for quorum, **CITY ATTORNEY BENNETT** reminded Council that they had not yet adopted those policy changes.

Therefore, **MAYOR JOHNSON** said, they still had a quorum. The consensus was to move forward with this quorum of 3.

E) **Economic Development/Redevelopment Department**

JANE McVEY said this is the first time that Economic Development and Redevelopment had combined budgets. Their goal is to increase business interest and investment in the City and eliminate blight. Their mission statement says the City would build partnerships with business, education and government, creating the opportunity for economic growth within the City.

The primary objectives are to expand our existing business community. In the coming year, they would maintain the online quarterly newsletter to primary employers and manufacturers, the business visitation program, the commercial façade program, continue to conduct ED 101 classes for existing City employees and produce various seminars, such as the storm water seminar scheduled for June 25. Our small business and start-up assistance objective is to work with the Small Business Development Center, creating jobs through small businesses and start-ups, and work with the Chamber and the business-to-business expo.

Regarding new industrial and office recruitment in the coming year, presently there are about 108 acres sold in Ocean Ranch and they will be working to get more buyers/developers and users and helping the existing buyers through that process. We will

be having the construction of the IDEC building, and we will be having our office and industrial broker event on June 20. Our new retail recruitment will see the completion of the Lowe's Home Improvement Store, the Del Oro Marketplace at Oceanside Boulevard and College Avenue with new tenants. The remodel application for the Center Trust property at El Camino North would be before the Planning Commission on July 8, and there are a number of new tenants that will be relocating in that center. In July, we will be doing a retail broker event downtown at OceanPlace Cinemas.

The redevelopment effort was to eliminate blight in downtown Oceanside. We will see a lot of new things this coming year, including the Southland Disposition and Development Agreement (DDA) that staff had been working on for Parcel B, the Catellus project that will be moving forward, and the Ocean Village project. Others were in the works.

On tourism and hospitality, we will be seeing new rooms in the coming year. Motel 6 was under construction; Hawthorne Suites will soon be under construction; and staff will be at the Coastal Commission to receive direction regarding what the City would be able to do in the downtown area for the Pier Resorts and Manchester Resorts.

That community issues that we would carry forward both in and outside of redevelopment are various landscaping, gateway and capital improvement projects. Our marketing and public relations initiatives are to increase our visibility and awareness of Oceanside as a destination for investment within the business sector. We are increasing our direct mail, e-mail and advertising in this coming year's budget.

She summarized the budget by program area for General and redevelopment funds. Administration and operations on the economic development side would decrease slightly as a result of changing some personnel costs to redevelopment after the past year of determining the percentage of time spent. Everyone in this small department is split based on the percentage of work done in or out of redevelopment. A refinement of that led to the 2.3% decrease.

On the redevelopment side, administration increased 25.8%, which reflects some of those personnel costs as well as picking up some of the personnel costs for the Deputy City Manager due to the time spent in redevelopment. There will be some modifications to the debt service in the final budget document, reflecting the debt service owed on the new bonds. Capital outlay shows a decrease. However, it is basically that we bring those to Council as budget resolutions on a case-by-case basis. Council sees those before they are budgeted, so what this shows are some outstanding dollars for ongoing eminent domain cases. The operating budget increases are due to increases in costs borne by redevelopment over the next couple of years. Regarding the cost sharing transfers out, we will be picking up a portion of salary in the property management area for some of the condemnations that have been done inside the redevelopment area. Overall, the economic development side stayed flat, and the redevelopment side of the budget increased.

Some major changes again on the economic development side include that the sharing of salary costs with the redevelopment fund portion of the budget led to a 6% drop of almost $15,000. Operating costs went down 4.9%; basically the line items within the budget context changed in definitions; we moved some money around; and our only major increase is for more advertising, primarily in the Orange County Business Journal. The interfund cost decreased modestly. Overall, the economic development budget declined 2.3%.

On the redevelopment side, again personnel costs increased due to the salary shift, including picking up a portion of the Deputy City Manager's salary. Additionally, Citywide there are various salary/benefit changes throughout the year. The agreement with Catellus to rent 2 downtown parking lots increased $43,000. Those are the major changes in the budget.

She introduced Kris Jensen and Joyce Powers who are available for questions.

COUNCILMEMBER HARDING said that economic development was the engine that drove everything else. She wanted to be sure that this department gets what it needs to make economic development happen in Oceanside. If the economic development director and commission asked for something more that would spur development, Council should seriously consider it. The growth of economic development would fund the parks, recreation, senior services, etc. She is particularly interested in concentrating as much effort on the east side of the railroad tracks as the City does on the west; that is a huge area that could bring in a thousand times more money than the 2% of the City that was within the redevelopment area. This department is the one that can make Oceanside be able to fund things like Carlsbad did. She said if they needed anything, they should come to Council.

MAYOR JOHNSON added that Council had known for a long time what the City has to offer, but it is amazing what a little positive news will do for a city. They were going in the direction they had wanted to go. He noted that others had tried to buy out the Playgirl Club and failed. What we have done to purchase that business is good for Oceanside, and staff was able to close the deal. He felt good about that. Along with other parts of economic development throughout the City, that one business decision to buy the Playgirl Club brought in a lot of positive press about the City.

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

ADJOURNMENT

MAYOR JOHNSON adjourned this meeting of the Oceanside City Council at 4:37 PM, June 4, 2002 to a Mayor/Council Workshop at 10:00 AM on Wednesday, June 5, 2002.

ACCEPTED BY COUNCIL:

_____

Barbara Riegel Wayne
City Clerk, City of Oceanside

NOT OFFICIAL
UNTIL APPROVED AT SUBSEQUENT
MEETING BY CITY COUNCIL

California

CITY OF OCEANSIDE

MINUTES OF THE

CITY COUNCIL

June 5, 2002

ADJOURNED MEETING 10:00 AM COUNCIL CHAMBERS

Mayor
Terry Johnson

Deputy Mayor
Jack Feller

Councilmembers
Betty Harding
Carol McCauley
Esther Sanchez

City Clerk
Barbara Riegel Wayne

City Treasurer
Rosemary Jones

The adjourned meeting of the Oceanside City Council was called to order by Mayor Johnson at 10:00 AM on June 5, 2002, for the purpose of a workshop. The Pledge of Allegiance was led by Deputy Mayor Feller.

ROLL CALL

Present were Mayor Johnson, Deputy Mayor Feller and Councilmembers McCauley and Sanchez, and Harding [arrived at 10:01 AM]. Also present were City Attorney Duane Bennett, City Treasurer Jones, City Manager Steve Jepsen and Assistant City Clerk Charles Hughes.

WORKSHOP ITEMS:

1. **Presentation and discussion of the FY 2002-2004 Biennial Budgets**

CITY MANAGER JEPSEN stated that Council had heard all the supplemental requests and staff today has a recommendation and presentation for Council regarding those at the end of today's presentations.

A) **Building Department**

GREG ANDERSON, Chief Building Official, stated that the Building Department budget represents a carry-forward of where they are. Since the last budget hearings, there have been some changes to the Building Department budget that would be reflected here. Council had previously approved all of the current budget considerations. The changes in the budget include the move of Code Enforcement to Housing and Neighborhood Services and the addition of staff about a year ago. He introduced Robert Tinsley, the plan check manager, and Mark Kahler, the inspections manager.

The Building Department's mission statement is essentially safety and service. We ensure the safety of the built environment and provide a superior level of customer service. We have 3 primary objectives. First is to address what is anticipated to be a continuing high-level workload. Revenues have been robust, which means that the workload is robust, and they would address the IDEC-NIMO project. We are developing plans to handle the workload. Regarding IDEC, this is a unique project and we are putting together a team of staff to handle the workload. Mr. Kahler would be leading the inspection team for the IDEC

project. This project is a great opportunity for our staff to heighten the level of expertise and skills on this job. The City hopes IDEC will be a magnet for other high-tech industrial companies, and the Building Department would be ready for them. IDEC has assembled a team of highly qualified design and construction professionals with whom the Building Department would be working closely to bring this project to completion in a very successful manner.

The second objective was to complete a fee study and implement a new fee schedule. A request for proposals (RFP) has been issued for a permit automation/development tracking system for all development services. The Building Department would work with the development services team to review the proposals, select a vendor and begin implementation.

The Department employed 18 people and have 1½ full-time equivalent positions represented by our consultant services used for plan check. This also provides us with the engineering expertise that is not available on staff.

As mentioned, the budget has essentially no changes. The numbers are different, resulting from the move of Code Enforcement out of building. The administration program carried a lot of interfund charges, such as building rental and IT charges. Going from FY 2002-03 to 2003-04, they essentially just have the inflationary changes for personnel costs and interfund charges but are not proposing any additional staff or cost centers.

CITY MANAGER JEPSEN commented that the level of effort necessary for the IDEC inspection would be extraordinary over the next couple of years. Staff may be back asking Council to consider at least one contract person for the life of that inspection work.

DEPUTY MAYOR FELLER thought that a contract person might not be the best choice if this were going to attract similar businesses, which could go on for 15+ years.

CITY MANAGER JEPSEN thought a contract person was a good way to start though, until staff has a sense of it. At that point, staff could move forward. The City has significant revenues coming in from plan check and inspection work, so that should offset some of these costs as more development happens, particularly in the Ocean Ranch area.

B) **Planning Department**

GERALD GILBERT, Planning Director, stated the Planning Department has a sizable reduction. The mission statement is the same, and they try to perform at the highest level of service in their daily operations. Those are the expectations they have for themselves and for the community.

The primary objectives are basically the same: they process development applications; they conduct public hearings as input forums. A couple of studies they are undertaking include the transit/land use study, which is the east-west and north-south rail line. It is a grant opportunity that gives us an opportunity to look at land use along this rail corridor and to update our City in those areas. The last item is our grants team, which secures a lot of resources for the City.

The department's structure budgeted for 15 positions, 10 of which are filled. 5 are vacant, and they are currently trying to fill 3 of those positions. They had some sudden retirements and transfers that were not anticipated. Last year's budget was about $1,700,000. The proposed FY 2002-03 budget is about $1,400,000. With that we have 2 primary programs: City Planning and Grants Planning. They are standard carryovers. The reductions are primarily due to personnel costs and salaries because he is changing out into some entry-level people that historically were filled with higher-level people. In FY 2003-04, they will be carrying those forward.

The other fund programs give the reason why we have this dramatic reduction. In FY 2001-02, they secured a Transit Oriented Development (TOD) grant for $200,000. That

was included in the budget; however, they are taking it out of this year's budget since the money is not in our hands and will be on a repayment basis. In addition, there was another $40,000 reduction due to the general plan consolidation, which reduced the overall expenditures.

In summary, there is a decrease in personnel costs by 10.5%; operating costs are rather high at 65%, but that was actually the $200,000 on the TOD and was not a reflection of true money. There was an increase in interfund service charges that are common throughout all the departments. In grants planning, there was a minor reduction in personnel costs and a decrease in non-personnel/operating costs.

C) **Public Works Department**

PETER WEISS, Public Works Director, planned on providing Council with the operational budget in the various programs and some background information, as well as costs.

Our mission statement has not changed, and they are committed to providing the highest level of service to construct, maintain and enhance public facilities and the City's infrastructure in a cost-effective manner.

They have 2 primary objectives: to ensure cost effective and efficient maintenance of the City's transportation system, street lights, public landscaping, parks, public buildings and municipal airport; and to provide neighborhood services including solid waste cleanup, recycling, street sweeping, graffiti control and coordination and construction of all capital projects.

Our budget for FY 2002-03 is a maintenance-level budget; it is essentially a rollover with some minor changes. It includes no new positions; however, there are personnel increases which reflect previous Council approved positions throughout this last fiscal year, including positions for the storm water program, transportation, street sweeping, parking enforcement and parks maintenance. There are also personnel changes due to the redistribution of work hours. We are now charging to the program where the employees are working. An example is when we eliminated the bridge program. Although we eliminated some temporary employees, the permanent employees were reassigned. So they have no new increases in personnel, but there were adjustments to reflect the redistribution of work hours.

In total, the Public Works Department budget shows a 1.1% decrease for FY 2002-03 from last year's budget. He summarized the individual programs within each division. Starting with Administration there is a 12.5% increase due to the redistribution of work hours. Before, administrative positions were charged to different programs, but they were not charging into administration. There are no new positions.

Within General services, managed by Joe Arranaga, there are several programs including property management. Under property management is the citywide street lighting program and the landscape maintenance districts, which are managed by Doug Eddow. Property management shows an increase due to the redistribution of work hours and the addition of several positions. One person was absorbed into property management from the bridge program, which was not reflected in last year's budget but is in this budget.

The citywide street lighting budget has a slight reduction because of a bookkeeping issue on how some of the costs were allocated. There is no real significant reduction; in fact, there has been an increase in utility costs that affect the street lighting program.

The landscape maintenance districts show $1,200,000, which is an error because Council recently approved raising assessments in 3 districts at the request of the residents. Those raises would not be effective until August when it would be put on their tax rolls. As a result, staff would present the change in the budget to reflect this action early next year. Council had authorized staff to pursue the number presented to fund those districts at a

level consistent with the incoming revenue. Now that the revenue would increase, that number would be adjusted as well and brought back.

General services also includes the civic center maintenance program, which shows a carryover; there are some capital expenditures to replace some doors, particularly the west facing doors. The replacements would occur over several years. In the winter, doors had to be taped shut, or water absorption pads had to be placed under doors. The new doors cost approximately $1,700 per door and with installation they cost approximately $2,500 per door. They were scheduling 10 doors at a time. They are starting on the south building.

In the City Operations Center (COC) building maintenance budget, there is a one-time increase primarily to refurbish the crew rooms, which are cold in the winter and hot in the summer. Staff is 2½ years into the program to begin the upgrade, which is in the permitting stage. Some additional funds would probably be moved over to provide additional enhancements at the COC.

Going back to the door replacement, **MAYOR JOHNSON** stated that the doors have leaked for the past 10 years that he had been here. He asked what had happened from the attempt to get back some of the loss for the expense of refurbishing those doors.

MR. WEISS did not know. He thought there had been a settlement with the builder at one point in time, but he did not have all the details.

CITY ATTORNEY BENNETT said a lawsuit was filed several years ago. He believed the settlement to the City was $450,000 for construction defects to the Civic Center. He would double-check those numbers. That included the defects noted at that time. He was not sure if the chiller was included, but he did know that the streaking on the outside of the building, the windowsills and the doors were included.

CITY MANAGER JEPSEN noted that there was not a pool of money left over from the construction. That amount would have been deducted from the total amount the City paid the contractor.

MR. WEISS continued that in general services there are several other building maintenance programs, which includes the old police building maintenance. There is a significant reduction because, other than minor utilities and sending someone to ensure the building was secured, there are no real costs with that building. Council received a pass-through memo about a month ago that indicated that staff was still looking at potential uses for that building. The gas remediation is moving forward. All of the equipment is in place, and the remediation is progressing. Given the extent of the remediation, we probably could provide some limited use of that building within the next year, but full use would not be available for another 2-3 years. There was a slight decrease in the police/library building maintenance due to the redistribution of work hours.

The significant increase is within our building crafts program due to the redistribution of hours. Also included is about $80,000 to start providing a level of maintenance to the recreation centers since they are some of the most used buildings. Historically, those were not funded through this program. A crew would only do some maintenance, but they have put together a maintenance plan for the 5 primary recreation buildings. They plan on providing some maintenance to catch up on the deferred maintenance of those buildings before we ask Council to replace a building. We feel there is an ability to fund that at this time. In the past 2 years, money was available through the City Manager's supplemental budget that was used for that purpose.

COUNCILMEMBER SANCHEZ stated that in a presentation to the United Community Action Network (UCAN), Ana Alvarez indicated that the rents paid at Joe Balderrama Park went into the General Fund, but that there would be an effort to put those funds from the rents paid for the use of the buildings into a fund that would go back to the parks. She asked if that was being considered along with this increase in building maintenance.

CITY MANAGER JEPSEN stated that money was added to the Parks and Recreation budget. Between the Parks and Recreation budget and the Public Works budget, there was in excess of $50,000 added for the maintenance of the facilities. All of that used to be budgeted in the Parks and Recreation budget. Parks and Recreation kept a major portion of that for continued use and programming, not for use on maintenance. The detailed budget showed there was money that exceeded the value of the rent collected at Balderrama Park that stays in that budget. If Council wanted to earmark that rent money specifically, staff could look at that. However, all the rent monies received in the City currently accrue to the General Fund, and then Council allocates money back out of the General Fund for the maintenance of those facilities. So yes, additional money has been put into the budget for the maintenance of Balderrama Park and all the recreation centers. In order to offset the money put in the recreation budget, Public Works has to increase their maintenance budget. City staff still did all the maintenance they had done before.

MR. WEISS noted that the net increase to the Public Works budget was $82,000.

CITY MANAGER JEPSEN said that the City would spend $82,000 on the materials for the recreation centers. Labor was on top of that. It was very disproportionate to rents collected.

MAYOR JOHNSON noted that in the back up, it said there was an $82,000 increase in non-personnel/operating increases for recreation centers, which include John Landes, Balderrama, North River Road, etc.

MR. WEISS confirmed that it also included the Beach Community Center and the Senior Center.

He continued, stating there is a significant budget reduction in fleet management, although it is a little misrepresented because there is not really a $2,000,000 reduction. It is primarily due to 2 reasons. The current budget was increased by about $650,000 as a result of vehicles that were not purchased in the prior year, and the money was moved into this current year. Also, in fleet is the elimination of what was shown in the budget document as a $1,300,000 depreciation allowance. The reason that was eliminated is that they actually budget for the replacement of vehicles. So the item showed up in the budget as an expenditure and also as a revenue. It is not needed it both cases. The fleet budget does include about $1,300,000 for the replacement of vehicles, so it artificially decreases that budget based on what happened in prior years. We are not changing the amount of effort or the ability to maintain the fleet.

Mr. Weiss summarized the significant program changes within general services. The Civic Center building maintenance increased $20,000 to replace the doors and $38,000 to replace the cooling towers. The chiller was replaced last year, so the cooling towers were scheduled for this year. Within the operations center, maintenance increased $85,000 due to remodeling costs. The old police building maintenance budget decreased due to a reduction in services. Building crafts increased $82,000 as discussed for the recreation centers, and there were changes in the fleet management program.

Within Engineering, which is managed by City Engineer Marla Doyle, there are 3 primary programs: inspections, subdivision, and capital improvement. The capital improvement budget indicated $0 being funded because of the full cost share within the capital budget. They would discuss a separate capital budget later. The significant changes in engineering are 1) the redistribution of hours and 2) the new positions for the storm water program, one in inspection and one in the subdivision program for plan checking. He noted that the inspections budget decreased because the home business unit for the capital project inspectors had been inspection, and yet they were charging to capital.

The subdivision budget increased $142,000 as a result of the storm water order. There is also an increase for plan-check consulting services; those services were there before using outside sources for large projects, such as IDEC and Ocean Ranch as needed. Those are not monies paid by the City. Those are collected from developers and are a

pass-through, but it does show up in this budget as an increase in revenue and expenditures.

Inspection increased due to the storm water order adding inspectors. They have reduced contract services as a result of these permanent positions. Capital improvement increased $220,000 due to the redistribution of work hours where they had moved inspectors out of inspections into capital improvements where they actually work.

The Transportation division, managed by Frank Watanabe, has 4 primary programs. The only change is the airport program. Within transportation, although they show increases, there are no personnel increases. There have been changes within traffic control as a result of energy issues. Transportation added one position mid-year, which is why that budget increased.

In the airport, this is a more accurate reflection of who currently charges time to the airport, which is why that has increased. It does not yet include the Council's direction for a full-time City presence at the airport. Staff has developed it to include that so the number would increase slightly. They would also be looking at two 20-hour employees. To offset that, staff would bring a separate action before Council because it will include adjusting both the hangar and tie-down rents. Our preliminary indications are that the hangar rents would increase approximately $150 per month, and the tie-down rents would increase $15 to $25 per month. The full scope of services that the City presence would provide at the airport has not yet been determined but would be completed by June 17. So we have put together a program and have a draft enforcement plan based on Council's prior direction. He has had conversations with the Federal Aviation Administration (FAA) to review that enforcement plan to insure that, if we do implement something, that it will withstand the scrutiny of the FAA. A separate action would be before Council to provide those services.

The Murray bridge program had only one cost of the debt service. The Bridge Corporation met earlier this year, and the Treasurer's office would be before Council in September with a proposal to pay off the entire debt per the Bridge Corporation's recommendation. That payment would eliminate this program.

In summary, there is an $80,000 increase in transportation due to the senior transportation engineer and the debt service cost for Murray Bridge.

The maintenance division, managed by Jim Stillman, has a number of programs. The street and median maintenance program increased primarily due to the addition of the storm drain cleaning program as a result of the clean water order. The flood control program has a rollover budget, and it is highlighted because it is a 100% cost of Water Utilities, although the program is managed out of Public Works. In parking lot maintenance and enforcement, there is an increase; Council authorized additional parking enforcement officers last year, and with the new software for parking tickets there is a slight increase.

COUNCILMEMBER HARDING asked how much the City was planning to spend on new landscaping and where it was reflected in the budget.

MR. WEISS responded that the current budget did not reflect that. In the Capital Improvement Project (CIP), there was an item for landscaping. Within the City Manager's prior supplemental budget, there was $250,000 allocated to gateways. He did not know if that was currently included or not.

COUNCILMEMBER HARDING understood that budgets were tight, but she thought Oceanside had done a great job of landscaping. She would hate to see the landscaping end. She wanted the gateway projects, but thought it important to continue on the other roads. She asked if any money was there for that.

CITY MANAGER JEPSEN responded that, in the first year of the budget, the allocated money in the community facilities fund from the prior 2 years was still there, which would be a fire truck apparatus, although he did not anticipate a need for that next

year. In that is about $250,000 per year for gateway landscaping, $100,000 per year for deferred park maintenance and $100,000 per year for deferred building maintenance in the first year. However, if we have not identified an alternate funding source to pay for the 800 MHz system, that is what he recommended for consideration to pay the ongoing cost of the radio lease and Regional Communications System.

COUNCILMEMBER HARDING noted that she had heard more positive comments on the landscaping than anything else in the City. Areas are looking great, which is what makes a city attractive to businesses, etc. She knows we are in a pinch, but she hoped we would be able to keep adding landscaping.

Regarding gateways and appearances, **MAYOR JOHNSON** noted that Council had discussed getting approval from Caltrans to address concerns along the I-5 corridor, particularly Mission Avenue and I-5 and Oceanside Boulevard and I-5. There has been much discussion about the downtown area. It is unfortunate that such a small area reflects positively or negatively on the City's image. The City needed to maintain a very intense downtown street clean-up program as far as trash and debris. He hoped that was included in the upcoming budget cycle.

CITY MANAGER JEPSEN reiterated there was $250,000 in the first year for gateway landscaping. He was not sure the priorities have been set or approved by Council, so it would need to come back to Council to set priorities.

MAYOR JOHNSON noted that there were often traffic jams on I-5 south, and a lot of those cars get off the freeway and drive through downtown Oceanside. If Oceanside looked better, some of those visitors would stop and spend money and then come back again. Appearance is very important.

MR. WEISS noted that several months ago the City provided litter and weed control on several key Caltrans interchanges. The City had Caltrans' permission for the balance of the fiscal year. Within the street and median maintenance program, in addition to the monies appropriated for the storm drain cleaning, there is $36,000 to provide ongoing weed and litter abatement along the I-5 corridor at several key interchanges and on Highway 76. This does not go into the travel-ways but addresses the parkway areas. For example, by the Visitors Center, it is the slopes and islands that are out front; along Highway 76 it includes Frazee Road, College Boulevard and the parkways next to it. So there are funds to provide minor enhancements for litter and weed control in those areas.

On the gateway priorities, one of the items that came out of the Council retreat was that staff bring back to Council by September the priorities for gateways. The Economic Development Commission has a gateway subcommittee. Last year Council prioritized South Coast Highway, which is now under construction. $250,000 was programmed towards that project; however, staff recently learned that the project was eligible for traffic congestion relief money, and staff will make those applications quickly and shift the cost center to the traffic congestion relief money. That would open the $250,000 for some other projects. If it is successful, when staff returns with the priorities, instead of the $250,000 available, there will be a little more money available. The other projects Council prioritized were the design of a median on Mission Avenue west of Interstate 5 and the North Coast Highway concept design. Those projects are progressing and would be presented to Council along with other priorities in September.

DEPUTY MAYOR FELLER noted that North Coast Highway all the way to Harbor Drive and that off ramp needs serious attention too. If we could talk Caltrans into doing something along there that would more appealing as people from the north enter Oceanside, it would be nice, and the off and on ramps at Harbor Drive on the west side of I-5 are in terrible shape.

MAYOR JOHNSON thought it might be helpful to speak with the property owner and also Chevron about how it looks around that curve. The worn-out fake grass and the overall appearance of the gas station needs to be addressed.

MR. WEISS said that the Chevron was not in the City of Oceanside. The frontage in that portion of the roadway was actually owned by the County. Staff would make an effort to talk to the owner to see if there was something that he would be willing to do.

He continued, stating that within the parks maintenance program, there is a slight increase, which includes additional funds for enhancing the ball fields. Several of the ball fields are currently under construction to restore the turf. That program would continue to provide an enhanced level of maintenance for the turf since it gets quite worn out. To not do that would reflect long-term as an inability to use those fields.

The solid waste program reflects an increase due to the storm water; that is where we raised the money to pay for it — out of the street median program. There is also an increase to reflect additional code enforcement efforts. The Integrated Waste Commission did not take action on the budget in regards to several items. They have appointed a subcommittee to look at the operating budget and the request by Code Enforcement for additional personnel. They also have an interest in looking at the interest that the solid waste fund generates and the ultimate location of the interest monies that presently go to the General Fund. The subcommittee would present information to Council some time after the budget adoption.

The anti-graffiti program decreased slightly again this year. The prior year's program identified $250,000 for the median and gateway landscaping. There is additional money in there from the deferred building maintenance. Once adopted in the City Manager's supplemental budget, they were moved into the Public Works operating budget. Should those funds be available next year, the same number would be listed, but Public Works was not funding them in the operating budget at this time.

CITY MANAGER JEPSEN wished to note under Parks Maintenance that part of that increase is a partial funding for the new Morro Hills Park. The maintenance is fully funded for the following year; so some of the increase is attributed to that.

Regarding the solid waste interest money, our cash flow in solid waste probably runs in excess of $2,000,000 on a monthly basis. The City had a sinking/reserve fund for a rate increase offset. His understanding is that during the next year's budget cycle, that fund would be fully depleted. Staff would come back to Council to discuss the whole issue of solid waste. We have gone in excess of 10 years without a rate increase in solid waste. He knows that the lines crossed on the projections in the year 2002-03.

DEPUTY MAYOR FELLER commended the Oceanside Eyes program for the graffiti cleanup. He hoped the City did not let up because the need to eradicate graffiti immediately is important, even if it costs a few more dollars.

In summary, **MR. WEISS** stated the street tree maintenance budget increased by $25,000 for supplemental tree contracts to provide additional effort in tree trimming and removals as necessary. The capital budget also increased $50,000 for sidewalk repairs. This would allow the City to put money into the repairs versus into the claims. He acknowledged Al Martinson, Sharon Friend, and Esther Beatty.

Public Input

JAMES MOORE, 2330 Paseo de Laura #206, representing the Integrated Waste Commission, stated Mr. Weiss had elaborated a little bit on the situation. Ms. Pierce came before the Commission requesting a greater budget for Code Enforcement than had been previously planned. Such an eleventh hour request put us in a position where we had to take no action because the amount would offset our rate stabilization fund. If that were to happen, it would negatively impact all the citizens of the community. We could not make a decision based on very little documentation at a moment's notice. Our current plans are to wait for more information to base an educated decision on what and how much the Commission could support.

As the City Manager mentioned, the Commission is interested in the fate of the interest from the solid waste enterprise fund. They believe that if it was placed back in, rather than being diverted to the general fund, it would be in the citizens' best interest. There has not been a rate increase that the citizens have been able to see; it has been transparent because we have been able to offset it. If we were to provide the full amount requested from Code Enforcement, not only would that deplete it, but it would rob us of our ability to offset any amount of any such price increases. A rate increase would be occurring before too long. Based on potential negative impacts, the Commission felt it was best to not make any decisions or commitments.

D) **Water Utilities Department**

BARRY MARTIN, Water Utilities Director, recognized staff members who had worked on the budget: Lonnie Thibodeaux, Mike McGrath, Karen Brown and Judith Ludlow. The Department's mission statement is to provide a safe and reliable water supply to the citizens of Oceanside and to ensure that the wastewater is treated and disposed of in an environmentally acceptable way. The primary objectives include: to provide a safe and reliable water service that meets or exceeds Federal and State water quality standards at reasonable rates; to provide effective and cost efficient wastewater services while ensuring that all County, State and Federal standards are met; to respond effectively to all customer concerns and inquiries; to keep all operating and maintenance costs to the absolute minimums without endangering residents or the environment.

The Water Utilities Department has 141 personnel: 67 of them are in the water division, and 74 are in the wastewater division. The department itself does not have a clear boundary; about 29 of those people actually work in cross-areas, such as in the laboratory, in Supervisory Control And Data Acquisition (SCADA) and other areas. He wished to emphasize that there is a utility worker classification that was approved last year, but it is not shown properly on the budget. They are working with the Finance Department to make those adjustments to be reflected in the final version of the budget. Also, there was a recent retirement of a mechanic II in the water division, and we are looking at converting that position to a water treatment plant operator, which will show as an adjustment later as well. There would not be a cost increase but an adjustment across the board.

Regarding budget summaries by program, he stated the wastewater program in FY 2002-03 has a 10.4% increase. Council saw this when they recently discussed the water and wastewater rate increases, and that was to cover the hits from electricity, biosolids, chemicals, etc. For FY 2003-04, there is an increase of 2.7%. There are significant increases in energy and biosolids hauling which caused the increases.

The water program shows a 3% increase in FY 2002-03 and 1.7% in FY 2003-04. This involves increases in energy costs, the cost of water and the San Luis Rey flood control project increase.

Going into the details, in Administration there is a 13.8% increase. Some of the adjustments are in personnel services where we moved positions from home accounts to different areas. In Collections, there is a 19.9% increase, most of which is in personnel adjustments. Non-personnel/operating increased by 8.4%.

At the La Salina wastewater treatment plant, there is an increase of 7.2%, the majority of which is for energy costs. The San Luis Rey wastewater treatment plant increased 16.4% due to increased energy costs as well. The sewer laboratory budget decreased 14%, which is offset because of where we were charging personnel. The monitoring and control program, which is Supervisory Control and Data Acquisition (SCADA), increased 27.4%; it is a small budgeted program, but there is a capital outlay item of $40,000 for a new truck to cover an employee who really needs his own vehicle. Sewer geographical information services (GIS) has a 2.3% decrease due to the personnel changes.

The water details by program are as follows. Under the flood control program, the storm water program we just approved this current fiscal year has a 4.1% increase

because of that. In Water source and supply, there is a 2.6% decrease because this coming fiscal year we will have an adjustment to where we are spending our water money. Before, we were buying more imported water because the reverse osmosis (RO) plant was in an expansion mode. However, with this next budget, the RO plant would be expanded from 2,000,000 gallons to 6,300,000 gallons. The water hydroelectric station budget decreased because of personnel adjustments. In water pumping, there is a 10.9% decrease again because of personnel adjustments. Water treatment increased 7.2% due to personnel services and operating costs for energy. The groundwater purification plant increased 69.5% because of the shift of expanding to 6,300,000 gallons; however, the water source and supply decreases there, so this is really a wash. Maintenance and construction increased 5.5% due to personnel adjustments. Meter services had a minor decrease due to personnel services. Administration and debt service has a 6.5% increase because of adjustments to personnel services, operating costs and interfund charges. The water laboratory budget increased 35.5% due to the adjustment in personnel. The water monitor and control system increased 3.7%. The clean water program is new so there are increases.

DEPUTY MAYOR FELLER questioned the increase in the ground water purification plant. The decrease on the water source supply was not quite a wash; it looked like a difference of $180,000. He asked if the City would have the same amount of water.

MR. MARTIN replied affirmatively. There would be a bit of an increase in the water purification plant due to an increase in energy impact versus the cost of water.

He then stated that the water GIS program decreased by 6.5% because of personnel. The water service connections decreased 27.2% in personnel services. This was actually a special program set aside for new connections that personnel were budgeted for, but because of the adjustment in the home accounts, that goes away.

E) **Capital Improvement Projects**

MARLA DOYLE, City Engineer, stated that the Public Works Department facilitates the preparation of the citywide Capital Improvement Program (CIP) by coordinating project requests from the different departments and from the public. Before they are presented to Council, the projects go through various departments.

The primary objective of the CIP is to provide for construction of public works projects needed to maintain a high level of service to citizens. The proposed FY 2002-03 CIP includes 128 separate projects, totaling about $114,000,000. She will go through some of the major projects in a number of the program areas.

Under the thoroughfare program is the Rancho Del Oro Road — Mesa to Oceanside Boulevard improvements, which is a new 4-lane arterial roadway that would be constructed in 2 phases. Phase 1 is the grading portion that Council will see on June 19 for award of a contract, followed by the street improvement contract that should come forward during the fall.

The Rancho Del Oro Road and Highway 78 interchange project is budgeted this year for environmental and preliminary design work. Next is Melrose Drive-- North Santa Fe Avenue to Spur, which is the missing link on Melrose Avenue. Budgeted this year is money for environmental and alignment studies so staff can move forward to secure construction funding for the project later.

Then finally in the thoroughfare program is College Boulevard from Plaza Drive to Lake Boulevard, which is the widening and raising of the roadway and construction of culverts at Buena Vista Lagoon. This funding is a match share. The Quarry Creek project would actually do the construction, and the City would do the plan-check and approval. We are also participating in the cost of the project.

Under the streets program is the citywide street restoration and overlay. This is an annual program connected to the pavement management program that keeps the street

systems in a well maintained condition. A new project is the San Diego Street storm drain; this project would take surface flooding underground into a pipe off of San Diego Street and the alley between Shoshone Street and Marquette Street. Last in this program is the gateway corridor improvements. To highlight 3, one is the median and landscaping installation on Mission Avenue west of I-5, which is currently under design and scheduled for construction in the fall. South Coast Highway and College Boulevard are both currently under construction. Staff expected these to be complete towards the end of the summer.

DEPUTY MAYOR FELLER asked if the College Boulevard project was north of Highway 78.

MS. DOYLE explained that College Boulevard is at the Murray Bridge and is the parking and picnic areas for the trail users.

Next is the bicycle program. First is the Coastal Rail Trail that would go from Solana Beach to Oceanside. It is in final design stages, and tentatively construction would start around late summer of next year. Staff would bring the license agreement and an easement document for this project before Council.

COUNCILMEMBER HARDING thought the trail that goes from College Boulevard to the ocean was all completed up to the area at the ocean due to a hold-up from North County Transit District (NCTD) for a realignment study.

MS. DOYLE responded there was one final link to construct in that project. NCTD is currently proceeding with an alignment study to look at the proposed double tracking to define what area might be available for this last portion of the trail. NCTD authorized work to proceed on the study, and they estimate it would take 30 to 45 days to get a study back and let the City know where this final portion could be constructed.

In the parks program, first is the North River Road Park restrooms, which would replace the existing restroom and concession building. The restroom facilities size would double, and the new building offers an improved concession and storage area. The Murray Bridge athletic fields are being developed along with the proposed middle school in cooperation with the school district. Currently, staff is working to finalize an agreement with the school district to bring forward to Council to move on this project.

The Heritage Park improvements include a new restroom and a bridal dressing room building, along with a concession area and meeting rooms. Construction would begin after the Fourth of July, and an item would be before Council June 19 to award the construction contract for this project. This project also includes a completely new gazebo.

The Citywide playground equipment is a combination of both new and replacement equipment that is being installed to meet new State safety standards. Last on the list is specialty parks, which involve installing skate elements at existing park sites, and then Parks and Recreation is looking into considering a hybrid-type park, which would include both concrete and wooden skate elements.

In the water program are the Mission Basin desalting facility expansion and the Buddy Todd reservoir demolition; the reservoir went out of service in 1994. Then there are the new water lines in Mission Avenue from Foussat Road to El Camino Real to be used for treated water coming from the facility expansion.

In the sewer program, first is the City's largest capital improvement project, which is the San Luis Rey wastewater treatment plant expansion. Next is the Mission Avenue sewer lift station relocation which is an ongoing project targeted for completion in December of this year. The north valley sewer lift station upgrade is being constructed to accommodate growth.

In the harbor program, they have 2 phases of improvements. The first is the launch ramp and parking lot improvements, which are funded by a Boating and Waterways grant

and will include expansion of the launch ramps, boat trailer parking improvement, parking lot improvements and sidewalk improvements. Phase 2 of the project is the Parcel F community facilities that would include community rooms/facilities for the junior lifeguard program, as well as an additional parking area.

In the municipal buildings program, a carport over the existing parking lot at the Police Department is planned, as well as a fire-drafting pit at the City Operation Center for the Fire Department to test their equipment on a regular basis. They are currently using facilities in San Marcos, so the construction of this facility would allow the City to save funds. Additionally, there is re-roofing of the Police Department and Fire Stations 2 and 3 upgrades. Before Council tonight is a call for bids, which are remodels for gender and Americans with Disability Act (ADA) accommodations.

MAYOR JOHNSON asked if the re-roof was on the building at Mission Avenue and Archer Street.

MR. WEISS responded that the re-roof is for the new headquarters in the valley. When the building was remodeled, the roof was not redone. It is the same roof from the commercial buildings. The roof had a number of leaks and needed to be rehabilitated.

CITY MANAGER JEPSEN recollected that they had a 5-year life expectancy on that roof when the City bought the building because it had been there for a number of years. They did some minor repairs to the roof and gave a two-year warranty on it. Perhaps Council was unaware, but others were aware that there was a limited life on that roof when the City bought that facility.

MAYOR JOHNSON did not remember ever hearing about the life of the roof. He thought that when they remodeled the building, that it included replacing the roof since they had to put all those new units on top of the roof.

CITY MANAGER JEPSEN said they did not replace the roof but simply rehabbed the roof. The existing roof was there when the building was originally constructed [1987].

MAYOR JOHNSON said it was the principle of the matter. One would assume that a complete remodeling job would include a new roof, not just re-patching since new air conditioning units and other equipment were put on top of the roof.

COUNCILMEMBER McCAULEY had the same question. She asked for a pass-through memo regarding any other major issues in that remodel that Council was not aware of that may cause additional costs on that building in the next couple of years. She asked if this would also cover the branch library building.

CITY MANAGER JEPSEN was not certain. He would get back to Council on what it covered. He did not believe there was anything else that needed near-term maintenance. Since this was only $125,000, it would surprise him if it covered the whole roof.

COUNCILMEMBER McCAULEY asked staff to also let Council know if that would cover the detective's building, too.

Continuing, **MS. DOYLE** stated that last is the City capital projects program. She highlighted the Pacific Street Bridge project at the San Luis Rey River. We are currently in the environmental phase of this project. The project is moving forward. They were planning to bring the Draft Environmental Impact Report (DEIR) to Council for concurrence before the public review period in September of this year. Final design would start after the first of the year. September 2004 was the target date to begin construction.

MAYOR JOHNSON asked if the City still had the $11,000,000 in the bank.

MR. WEISS replied that there was $12,000,000.

MS. DOYLE summarized that the total FY 2002-03 CIP was $114,000,000 and consists of 128 projects: 30 projects were new; and 98 are continuing or ongoing projects.

CITY MANAGER JEPSEN noted that Council was considering a two-year budget; however, Council would only approve the first year of the CIP budget. The second year would return to Council for approval prior to July 2003. Staff tried to provide Council with a delicate balance but did not leave much discretion in continuing the existing programs. The budget presented is only as good as the life of the governor's State budget proposal. If there are major changes beyond the loss of some $800,000 that the State was already proposing to take away from the City's revenues, it would require a complete reassessment of this budget. Council asked staff for a contingency plan in the event that something like that should happen. Our Chief Financial Officer would present that to Council.

When asked where the money really is, City Manager Jepsen replied that it is in the community facilities fund; Council budgeted $875,000 there 2 years ago. It includes an ongoing ability to provide for fire apparatus, landscaping in the public rights-of way, deferred maintenance on parks and buildings, and $875,000 per year to support the RCS 800 MHz system, although that is a discretionary item that would come back to Council for consideration for the funding sources in the second year of the budget. We also added the workers' compensation reserve that has been paid on an ongoing basis. In the first year there was $700,000, with $200,000 in the second year. That would continue as long as the City had the ability to fund it. It has not been funded at any level in the past.

In addition, the City has reserve funds, with a policy to carry an operating reserve at 7%, which is about $5,000,000. Per Council's direction, that would continue and was built into the budget. In addition to the operating reserves, the City has a balance of about $14,500,000 in other miscellaneous reserves that accumulated over the years. Staff has recommended the allocation of that. In the contingency plan, the CFO is recommending that Council establish an economic stability reserve of slightly over $2,000,000. He is also recommending that staff come back to Council with a recommendation to end some of the negative fund balances this City has carried for years, which would leave about $10,000,000 in discretionary funds in the reserves.

Regarding recommendations for supplemental requests, the Police Department requested $72,000 in General Fund monies for a Homeless Outreach Team. This would be a 3-year program that would reduce 25% each year. In the fourth year, the City would pick up 100% of the ongoing costs. He recommended that Council defer action on that project and ask the Police Department to come back with a more complete presentation to give a better understanding of what is involved in this program. Regarding changing the part-time clerical to a fulltime position, there is no impact to the General Fund, and he recommended Council approval of that. Regarding the part-time alarm technician position, the cost is insignificant, and he is also recommending Council approval.

The Library requested to continue the literacy program at the level of $26,920 for FY 2002-03. He recommends the funding at the same amount for both years. The reason for the increased request for FY 2003-04 to $39,000 was that they had not secured any grant funds. Council should encourage the Library to get the same level of grant funding for FY 2003-04 as they did for FY 2002-03. For books and materials, he would like the library to stay competitive in this regard. They requested $128,000 to replace the money lost from the State take-away. Staff recommended Council fund that to the level proposed in the first year. However, he put a line item in the budget to provide the Library with $25,000 in capital funds on an ongoing basis. Council asked the librarian if she would rather reduce programs and staffing or capital, and she responded she would rather give up capital funds. Therefore, he took Ms. Polich at her word in the second year of the budget, although there are improvements that need to be made now in terms of furniture and equipment. Based on ongoing cash flow, Council could advance money to give the library more than $25,000 in capital funds for the first year, but he did not believe we should commit to that for the second year until we see where the City is next year. But that would fully fund the books and materials for both years.

Regarding the after-school program, he believed there is additional discussion

necessary with the School District. He would recommend funding the after-school program for the first year and asked that Recreation staff get together with the School District on what they can do to support transportation and our ability to continue to fund that the second year. This would give us a whole year to transition. He suspects that the middle school after school programs would probably be the most vulnerable.

In Economic Development, although not discussed, there is a supplemental request for $75,000 to continue the façade improvement program. He knew it was Council's desire to continue that program because it has been a worthwhile program for the community. He recommended that Council continue funding that program as long as it has the fiscal capability to do so. Staff recommends it be funded for the first year, and that we hold off on the second year pending a clearer understanding of where we are then.

Yesterday he received a request for $88,000 from the Boys and Girls Club to fund Libby Lake and Club 55. We have budgeted $30,000 in the recreation budget for Libby Lake. Some additional monies were budgeted for the Americanization School YMCA program that would not happen; those could be transferred to this program. When this issue came before Council a couple of years ago, the City was to run a fixed period of time before doing a program audit. Additionally, Council asked for fiscal demonstration from the Boys and Girls Club in the form of a financial audit. We do not yet have the financial audit, although he understands they have completed all the work necessary for the program audit. We need the information from the fiscal audit in order to finish the work. We have enough money to continue working with the Boys and Girls Club for the beginning of the year, but staff would have to bring it back to Council after the audits are complete. The City has roughly $50,000 of the $88,000 they requested so the City would have to find some money to bridge that gap.

COUNCILMEMBER HARDING agreed that Council needs to see the audits. Regarding the façade improvement program, she asked why, now that we have the new bond, we are not taking some of the façade improvement funds within the redevelopment project area out of redevelopment and then the facades not in redevelopment out of the General Fund.

CITY MANAGER JEPSEN thought that was a great idea. There was no reason that the façade improvement program that Council funds, the $75,000, could not be outside of the redevelopment area, and then have a separate fund to allocate for inside the redevelopment area.

COUNCILMEMBER HARDING would like to do that since we have the new bond issue, and redevelopment was no longer broke. When the City uses General Funds, particularly in years like this, the enterprise funds should be kept very separate. The money for the facades in the redevelopment project area should come from the redevelopment funds.

DEPUTY MAYOR FELLER asked how much of the money for the façade improvement program in the past and projected for the future would have been outside of the redevelopment area.

CITY MANAGER JEPSEN did not know. He guessed that a fair amount had been spent in the redevelopment area. The façade improvement program is citywide.

Continuing, he stated the bottom line is that we started this budget with a fund balance of $940,000 for FY 2002-03, and $185,000 was projected for FY 2003-04. He wanted Council to understand that they are projecting expenditures against projected revenues. Staff wanted to come as close as possible, although they are probably not this exact of numbers. However, it is close. After the recommended requests were funded, $600,000 was left in the General Fund for FY 2002-03 and a little over $50,000 in FY 2003-04. He believed the City would have a clearer picture of what would happen in year two as year one moved along, which would allow them to address some of these things. He cautioned Council about adding things that are ongoing costs, such as personnel. Capital items put in with one-time costs could be continued or discontinued.

He reminded Council that the budget presented recommends restoration of the water utility funds at 95% during the two-year budget cycle for water and 45% for wastewater. The wastewater fund is supposed to be spent down, so that should not be an issue. They would almost have 100% restoration. They are committed to full restoration on an ongoing, affordable basis, but the cost of that was $216,000 for FY 2002-03 and $432,000 for FY 2003-04. That would project about $400,000 in the hole for the second year of the budget.

Staff needs to bring some other things to Council, primarily in the Fire Department. The Fire Department reserved the full academy in the budget for about $550,000. However, what the Fire Department is recommending and needs consideration of is a retention program that would advance entry-level firefighters salaries, which would bring them up faster. Oceanside is losing newly trained, younger firefighters to surrounding jurisdictions. They recommend that we have a constant staffing program that will cost additional money and that we bring in laterals/transfers from other Fire Departments and do a lateral academy. These costs total $550,000, and they would be paid for through us conducting a full academy every other year as necessary. That would save $270,000 in academy costs. The City also needs to bring the ambulance billing fees up to cover the costs of ambulance services. That would leave an increased cost in the Fire Department of a very nominal amount of $20,000. This would be brought back for Council's consideration in July.

CAROL SWINDELL, Chief Financial Officer, reminded Council that at their retreat, one of the strategies identified was to develop a contingency plan recommendation so the City could have a framework for responding to either an economic downturn or reduction in State revenues that would significantly impact the City's budget. The key elements of the proposed contingency plan are to:

- Maintain minimum fund balance levels
- Adhere to key budget and fiscal policies
- Have an ongoing monitoring of the City's financial health
- Assess whether the issues are short-term, such as an economic downturn that we could recover from, or long-term, such as a permanent reduction in State funding.

Staff would then need to identify options and communicate with Council to develop ways to deal with the long-term problems. As the City Manager mentioned, staff recommended maintaining a cash flow reserve of at least 7% of the General Fund. That is part of the reserve policies presented to Council. Additionally, staff recommends that Council consider revising the reserve balances to include a revenue and economic stabilization reserve of about $2,100,000. The fund balance levels are important because it provides the City with the ability to continue operations in the event of a short-term economic downturn. In the event of a long-term problem, it provides breathing room to continue operations while Council and staff develop a long-term strategic plan.

Staff also recommends paying off negative fund balances. The City has 2 funds, the pier and the police/library facilities funds, that have negative fund balances totaling $1,500,000. That would not be recoverable within those funds, so they are recommending that Council use part of the reserves to eliminate those negative fund balances.

As part of this budget, staff recommends identifying any long-term vacancies and hold for a determination on filling those positions in the second year once we have more information from the State. As part of our ongoing monitoring of the City's financial health, they are recommending that she provide Council with quarterly financial updates and forecasts so that Council can see on a quarterly basis how the City is doing and what the projected changes in forecasted revenues and expenditures are. In the event that the City faces a long-term fiscal adversity, staff recommends that Council consider the short-term use of contingency reserves to continue operations until a long-term strategy can be identified.

COUNCILMEMBER HARDING asked staff to explain the $1,500,000 negative balance.

MS. SWINDELL said the negative balance is primarily in the pier fund at $1,400,000, and about $100,000 in expenditures that exceeded revenues for the police/library facility. These negative fund balances date back several years. In looking at the funds, staff identified those 2 as ones that Council should take action on in order to eliminate them. From time to time, some funds, such as grants, do run negative fund balances while they are waiting for reimbursement. The City knows it would get money to come in to address a short-term situation. But these 2 funds do not have any identifiable revenue source other than existing reserves to close them out.

COUNCILMEMBER HARDING asked if the Police Department building negative fund could be included as rent since it was a building.

CITY MANAGER JEPSEN explained that once the building was finished and all the bills came in, a lot of things trailed in over time and ultimately ended up costing $100,000 more than was budgeted in that $11,000,000 or $12,000,000. The City paid those bills, which ran the account in the hole, and we need to balance that out. With the pier, it was last constructed in 1987 with park funds, but it cost more than those park funds, so someone set up an accounting mechanism with the understanding that the revenues generated from the leases on the pier would pay that back. The problem is that those revenues got attributed to the General Fund, as all revenues did. Staff never set up a repayment plan for this. These funds need to be taken off the books. From time-to-time, there are funds, such as landscape maintenance districts, that occasionally slip into a negative from a cash flow balance perspective. Those funds have to recover, and they will.

COUNCILMEMBER HARDING was surprised something like this would not be in the audit.

CITY MANAGER JEPSEN said they do sample audits, not complete audits. They look at fund balances. If the fund balances are not negative, it would not show up. For example, if the negative pier fund was part of the capital improvement pool, unless the whole capital improvement pool was in the negative, it would never show up as a negative number.

MS. SWINDELL continued with the contingency plan. In the event the City does face a sustained fiscal adversity situation, and again the most pressing example is a permanent reduction in State funds, we would recommend that it would be important to communicate regularly both with staff and Council about the issues we face; look at identifying budget strategies; and evaluate and prioritize existing service levels, and determine how to respond to such a cutback.

She moved on to the errata list that includes some items that came to our attention after the budget had already been printed that we would recommend including in the budget. They include some minor changes on the General Fund side. On the redevelopment fund, the debt service needs to be included for the recent bond issue. Also, there were some pier acquisition funds that were inadvertently included in both years and are only needed in one, so staff recommends taking those out of year two.

CITY MANAGER JEPSEN added a postscript on the budget that deals with the Visitor's Information Center/Chamber of Commerce building. The City has not budgeted money for that debt service. Staff intends to bring back options for paying off that loan the City took from itself. If the Council desired, the City could still place the loan, although it has been challenging. Council could also segment a portion of the City's reserve similar to what had been done with the capital funds to meet the City's policy requirements for that loan. He thought it would be of interest to Council to see what it means in terms of our on-going ability to fund other items to dispose of this outstanding obligation. So staff will bring that back to Council in July with the changes that the Chamber of Commerce is proposing in the work scope for the project. The budget is scheduled for adoption at the Council meeting on June 19, 2002.

Upon Ms. McVey's arrival, **COUNCILMEMBER HARDING** explained that she would like the redevelopment funds to pay for the façades in the redevelopment project area since they had a bond issue. If the buildings were not in the redevelopment area, the funds could come out of the General Fund.

MS. McVEY said that was correct. In the last 2 years, the General Fund has funded 15 projects. The maximum amount had been $3,750 per business, until Council recently increased that maximum to $5,000. That is on our critical segments outside of the redevelopment area, along all of Coast Highway, all of Mission Avenue and a few other streets. Within the redevelopment area, that money comes solely out of redevelopment funds. In the last 2 years, 7 projects were done in the redevelopment area.

COUNCILMEMBER HARDING asked if the $75,000 was General Fund money.

MS. McVEY said it was General Fund money for outside of the redevelopment area. There was other money within redevelopment.

2. **Public Communication on City Council Matters (Off Agenda Items) --** None

ADJOURNMENT

MAYOR JOHNSON adjourned this meeting of the Oceanside City Council at 11:54 AM, June 5, 2002.

ACCEPTED BY COUNCIL:

Barbara Riegel Wayne
City Clerk, City of Oceanside

California

CITY OF OCEANSIDE

MINUTES OF THE

CITY COUNCIL

WEDNESDAY, MARCH 28, 2007

NOT OFFICIAL
UNTIL APPROVED AT SUBSEQUENT
MEETING BY CITY COUNCIL

ADJOURNED MEETING 4:00 PM COUNCIL CHAMBERS

Mayor
HDB President
CDC Chair
Jim Wood

Deputy Mayor
HDB Vice President
CDC Vice Chair
Rocky Chavez

Councilmembers
HDB Directors
CDC Commissioners
Jerome Kern
Jack Feller
Esther Sanchez

City Clerk
HDB Secretary
CDC Secretary
Barbara Riegel Wayne

Treasurer
Rosemary Jones

The adjourned meeting of the Oceanside City Council was called to order at 4:02 PM on Wednesday, March 28, 2007 by Mayor Wood. Mayor Wood noted the Council Policy [100-50] that 4 Councilmembers are required to hold a workshop. There are currently 3 Councilmembers.

COUNCILMEMBER FELLER moved to waive the Council Policy. **COUNCILMEMBER KERN seconded** the motion. Motion was **approved 3-0**, with Deputy Mayor Chavez and Councilmember Sanchez absent.

ROLL CALL

Present were Mayor Wood and Councilmembers Feller and Kern. Deputy Mayor Chavez arrived at 4:03 PM. Councilmember Sanchez arrived at 4:04 PM. Also present was City Clerk Wayne, Interim City Manager Peter Weiss and City Attorney John Mullen.

CLOSED SESSION ITEMS

CITY ATTORNEY MULLEN titled the item to be heard in Closed Session: Item 2 [Item 1 will not be heard]. [See the report out on this item below.]

Closed Session was held from 4:03 to 5:02 PM.

MAYOR WOOD reconvened the meeting at 5:02 PM. City Treasurer Jones led the Pledge of Allegiance.

ROLL CALL

Present were Mayor Wood, Deputy Mayor Chavez and Councilmembers Feller, Kern and Sanchez. Also present were City Clerk Wayne, Interim City Manager Weiss and City Attorney Mullen.

CLOSED SESSION ITEMS – Report

CITY ATTORNEY MULLEN reported out on the following item heard in Closed Session:

1. **[CONFERENCE WITH REAL ESTATE NEGOTIATOR (SECTION 54956.8)**

CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Property: Center City Golf Course (approximately 95 acres) bounded by Interstate 5 to the west, Division Street and Greenbrier Drive to the north and east, and Oceanside Boulevard to the south (APN 151-011-11); Negotiating Parties: City of Oceanside and the San Diego Chargers; Negotiators for the City: John Mullen, City Attorney, and Peter A. Weiss, Public Works Director; Negotiators for the San Diego Chargers: to be determined; Under Negotiations: Potential terms for the sale, lease, exchange, or other disposition of the property]

No closed session was held on this item.

2. **LITIGATION OR OTHER ADVERSARY PROCEEDING (E.G., ADMINISTRATIVE HEARING, ARBITRATION) (SECTION 54956.9)**

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (SECTION 54956.9(a))

Page v. City of Oceanside, Superior Court Case No. GIN048539

This item was discussed; there was no reportable action under the Brown Act.

WORKSHOP ITEMS

3. **Approval of the FY 2007-08 Community Planning and Development Budget and allocation of funding to various public services, housing and community development activities, and program administration [CDBG allocations]** ***(this public hearing has been continued from 6:00 p.m. on March 14, 2007)***

JOHN LUNDBLAD, Management Analyst with Neighborhood Services Department, reported that tonight is the time for Council to do the final allocation and action on the Community Planning and Development budget. As last year, there is significantly less money available at $285,000. A number of years ago, this amount was in the $340,000 range. Tonight's action is to approve the overall budget and the allocation of funds for public services and capital projects, as well as to authorize the City Manager to submit the grant applications to HUD and sign the required applications, certification and grant award documents. They have received each Councilmember's suggested distribution of the $285,000. He noted the Council average column on the handout and reminded them that [per Council policy] there is a $7,500 minimum needed for a contract, with a maximum of $35,000. In no case is more allocated than an agency requested for the particular program. Each Councilmember is to determine how they would like to allocate funds that are either below or above the $7,500 minimum line. Councilmembers may move their individual items around any way that they choose. As each change is made, the total in each column will change, and the average will change.

Mr. Lundblad reported that a letter was received from an Ivey Ranch employee who made allegations concerning Ivey Ranch. As a result of this, he made a monitoring visit. The purpose of the monitoring, which they do on all organizations, is only to see if Ivey Ranch was following the HUD guidelines and if they are fulfilling their contract obligations. On that monitoring visit, Ivey Ranch passed the requirements. Under capital projects, staff is recommending approximately $68,321 worth of capital work at the Ivey Ranch house, which is a City facility on City owned property. The work is recommended because this is a City owned facility and is a Community Development Block Grant (CDBG) eligible activity. The alternative would be for the Council to do the work with General Fund money. There is no question about whether or not to do the work. The Ranch house stairs, for example, are a safety hazard and need to be replaced. Therefore, they are

recommending that it be done.

MAYOR WOOD stated this is a difficult task with the amount of money available to spread between so many causes. It is not possible for every group on the list to receive money.

He is concerned about Angel's Depot, an outstanding organization that has been a benefit to Oceanside. It was originally funded through San Diego County. If there is the ability for another agency to fund a program, he does not want to take money from Peter to pay Paul. For example, last year was the first time he saw a cut in the Oceanside Senior Citizens' Nutrition Program. That program used to be $35,000, and it keeps going down. He has been contacted by staff and volunteers from the Senior Center indicating that this is a trend they cannot afford because they have no other sources to try for. When they give money to outside entities, it takes money away from the Senior programs. He commented that all of these programs are great entities, including Angel's Depot. The Deputy Mayor has been heavily involved in this [program], and it is a great cause. He does not want to see funding taken from causes that also benefit the rest of the City.

The decision has been made by each Councilmember; however, he highly recommends that they think about that if they are taking funds from a good cause in Oceanside. That does not mean that the other cause is not good; however, if there are other outside funding sources that some of these programs are getting, Council relies on staff to make sure that has been done and knows about it. For example, he asked if they had the same comments regarding the Senior Nutrition Program and/or any of the other programs, such as Angel's Depot, which are going to be or have been funded through San Diego County.

MR. LUNDBLAD has not heard of other funding for any of these organizations. The Cities of Encinitas, Vista and Carlsbad are in process on their CDBG allocations. He does not know of the final allocations of any of these cities, nor does he know if Angel's Depot has applied to them. Angels Depot, Meals With Love and the Oceanside Senior Nutrition program all applied to Tri-City hospital, which gives $300,000 annually to organizations in Oceanside, Carlsbad and Vista. Those will go to the hospital board in mid-May for approval. He would follow-up. As soon as he hears from other agencies, he will pass along that information to Council.

MAYOR WOOD expressed concern that some agencies have outside source funding, and others do not.

MR. LUNDBLAD asked if the Council would like to know if organizations are funded by other jurisdictions when they do future CDBG allocations.

MAYOR WOOD commented that a request was made last year that Council be notified of funding by other jurisdictions. He thought the ad hoc committee interviews included discovering whether there was outside funding.

MARGERY PIERCE, Neighborhood Services Director, said the Ad Hoc Committee does look at outside funding as part of the applicant's overall budget. The funding the agencies request from Council is not their full budget. They all have the ability to apply for outside resources. Many of the agencies apply to multiple cities for CDBG.

MAYOR WOOD tries to follow the recommendations of the review committee. They do all the interviews and follow up. It is hard not to agree with them because they did all of the work and all of the interviews.

MR. LUNDBLAD commented on unused funds. They always try to have a contingency cushion, which refers to any funds that are not allocated by the Council. They remain in a contingency until such time as Council decides to use them. For the last 2 years, HUD has been pressing all jurisdictions on the timeliness of use. They are starting to say that if funds are not used in a timely manner, we will lose them and the U.S.

Treasury gets it back.

Referencing the worksheet, **MAYOR WOOD** noted that items on the list below Casa de Amparo currently does not meet the minimum threshold amount. He asked where the money would go.

COUNCILMEMBER SANCHEZ responded that the money would go into unallocated CDBG funds and could be used for any CDBG eligible project. Council is not held to putting 15% into Social Services. If they choose not to fund anything else and go with what they have, any unallocated money would be available to allocate to any CDBG eligible project, including a capital project.

Based on the $7,500 threshold for allocations, Councilmembers made adjustments to their recommended allocations regarding those projects not meeting that threshold.

Following the adjustments, **DEPUTY MAYOR CHAVEZ moved** to approve funding for those agencies meeting the $7,500 threshold and above.

COUNCILMEMBER FELLER seconded the motion.

Motion was **approved 5-0** for the following public services projects and allocations:

Public Service Allocations 2007-2008

Document Number	**Organization**	**Project**	**Grant Request**	**Funded**
07-D0123-1	Angel's Depot	Senior Nutrition	35,000	7,600
07-D0124-1	Boys & Girls Club	Gangbusters	35,000	22,260
07-D0125-1	Boys & Girls Club	Libby Lake Unit	35,000	12,000
07-D0126-1	Boys & Girls Club	Senior Fitness	35,000	9,220
07-D0127-1	Brother Benno Foundation	Food Basics Program	20,000	11,800
07-D0128-1	Camp Fire USA - San Diego	NoCaBa Youth Program	25,000	13,000
07-D0129-1	Casa de Amparo	Food Program	35,000	7,760
07-D0130-1	Fraternity House	Meals with Care	27,040	7,800
07-D0131-1	From the Inside Out	CROP / AWARE	22,500	9,800
07-D0132-1	Interfaith Comm. Services	Transitional Youth Academy	34,659	7,500
07-D0133-1	Ivey Ranch Park Assoc.	Camp Ivey Summer Camp	14,763	7,800
07-D0134-1	Mental Health Systems	Family Recovery Center	35,000	7,500
07-D0135-1	No County Health Services	Health Screenings	18,642	14,300
07-D0136-1	North County Lifeline	SLR / CH Youth Programs	27,602	10,800
	Oceanside Public Library	Adelante Achievers	24,150	9,200
	Oceanside Public Library	Oceanside READS	16,000	8,060
07-D0137-1	Oceanside Senior Citizens	Senior Nutrition	35,000	30,400
07-D0138-1	Pregnancy Resource Center	Abstinence Education	35,000	7,500
	Recreation Division	*For Kids Sake* Afterschool	34,618	13,600
	Recreation Division	Teen START Program	34,988	18,600
07-D0139-1	Vista Community Clinic	Project REACH	35,000	24,000
07-D0140-1	Women's Resource Center	Alternatives to Abuse	20,000	12,700
07-D0141-1	YMCA of San Diego County	YMCA Oz North Coast	35,000	11,800

Document Number	**Organization**	**Project**	**Grant Request**	**Funded**
	CSU San Marcos	Fit Together	34,723	0
	Faith Based CDC	Homebuyer Education	35,000	0
	Girls, Incorporated	In Our Own Hands	11,000	0
	Interfaith Comm. Services	Case Management	33,250	0
	Interfaith Comm. Services	Safety Net Services	35,000	0
	Jefferson Middle School	Why Try?	16,000	0
	Meals with Love O'side	Senior Nutrition	35,000	0
	North County Solutions	Intake/Access Cntr	20,000	0
	Oceanside Senior Citizens	Project Care	25,000	0
	Phoenix House of San Diego	Teen Recovery Center	25,897	0
	SER, Inc.	Family Literacy Project	30,750	0
	SER, Inc.	PACE Program	29,200	0
	St. Clare's Home	Supportive Housing	15,000	0
	Totals		**1,015,782**	**285,000**

COUNCILMEMBER SANCHEZ moved approval of the capital allocations, budget and authorizations.

DEPUTY MAYOR CHAVEZ seconded the motion.

Motion was **approved 5-0** for the following capital allocations, budget and authorizations:

Capital Projects 2007-2008:

Document	**Organization**	**Project**	**Project**	**Request**	**%**	**2007-08 Grants**
Document Number 07-D0142-1	Camp Fire USA	Improvements to NoCaBa (Crown Heights) Facility	$76,489	$66,489	86.90%	$66,489
	Casa de Amparo	Modular units and furnishings for Ivey Ranch Child Center	$1,719,008	$100,000	5.80%	$0
	City - Code Enforcement	Graffiti removal vehicle	$150,000	$150,000	100.00%	$0
	City - Neighborhood Services (Housing)	S.U.N. 2007	$250,000	$100,000	40.00%	$100,000
	City - Neighborhood Services (Recreation)	Planning for Joe Balderrama Recreation Center and Park	$150,000	$150,000	100.00%	$150,000
	City - Neighborhood Services (Recreation)	Resurface Brooks Street Swim Center	$100,000	$100,000	100.00%	$100,000
	Interfaith Community Services	Acquisition and rehab of apartment building for former foster youth	$1,575,000	$250,000	15.90%	$0
Document Number 07-D0143-1	Ivey Ranch Park Association	Ranch house stairs; bathroom renovation; fence replacement	$68,321	$68,321	100.00%	$68,321
	Lutheran Social Services - San Diego	Caring Neighbors - Minor Home Repair Program	$100,000	$20,000	20.00%	$0
Document Number 07-D0144-1	Quality Children's Services	Mission / ECR Child Dev. Center improvements	$45,000	$35,000	77.80%	$35,000
Document Number 07-D0145-1	T.E.R.I., Inc.	Outdoor Enrichment Center	$63,846	$15,000	23.50%	$15,000
Document Number 07-D0146-1	Women's Resource Center	Fumigation and repairs at shelter facility	$7,500	$5,000	66.70%	$5,000

	Women's Resource Center	Plan for rehab/replacement of emergency shelter facility				TBD
	Women's Resource Center	Replacement of windows at transitional housing facility	$20,000	$20,000	100.00%	0
	TOTALS		**$4,325,164**	**$1,079,810**		**$539,810**

CDBG Budget 2007-2008:

Document	**1. Revenue**	**CDBG**	**HOME**	**Emergency Shelter Grant**
	a. CDBG Entitlement 2007-08	$1,858,947		
	b. CDBG Program Income 2007-08 (estimated)	$50,000		
	c. Total CDBG Revenue a + b	$1,908,947		
	d. Contingency/Carryover from prior years (est.)	$200,000		
	e. Emergency Shelter Grants Program 2007-08			$80,638
	f. HOME Investment Program 2007-08		$847,860	
	g. ADDI Program 2007-08		$13,940	
	h. Other (including Department budget funds)			
	Total Revenue	**$2,108,947**	**$861,800**	**$80,638**
	2. Expenditures	**CDBG**	**HOME**	**ESG**
	Admin/Planning: CDBG 20% 1.c.; HOME 10% 1.f; ESG 5% 1.e	$381,789		
	1) Program Administration	$150,000	$84,786	$4,032
	2) Housing Program Development	$140,000		
	3) Neighborhood Services Coordination	$25,000		
	4) Neighborhood Revitalization Activities	$40,000		
	5) Fair Housing Activities	$10,000		
Document No. 07-D0120-1	6) Crown Heights Programs-Community Housing Works	$15,000		
	7) CHDO Setaside (15% HOME)		$127,179	
	Total Administration and Planning	**$380,000**	**$211,965**	**$4,032**
	b. CDBG Public Services			
	1) 15% cap on CDBG funds (1.c)	**$286,342**		
	c. Housing Rehabilitation			
	1) Single Family Rehabilitation Loans	$275,000		
	2) Mobilehome Rehab Grants	$95,000		
	3) Loan Services & Administration – CDBG	$120,000		
	4) Acquisition and Rehab – HOME			
	Total Housing Rehabilitation	**$490,000**		
	d. Code Enforcement	**$125,000**		
	f. Homeless Programs (other than ESG)			
	1) Winter Shelter			
	2) Homeless Prevention			
	3) Essential Services			
	4) Rotational Shelter			
	5) Hotel/Motel Voucher Program			
	Total Homeless Programs (Department Budget)			
	g. Transitional Housing – ESG			
Document No. 07-D0121-1	1) North County Solutions – Solutions Family Center			$21,000

Document No. 07-D0122-1	**2) Women's Resource Center Transitional Housing**			$55,606
	Total Transitional Housing			**$76,606**
	h. Section 108 Loan Payment			
	1) Libby Lake	$237,332		
	2) Fire State No. 7			
	Total Loan Payments	**$237,332**		
	i. Capital Projects	**$539,810**		
	Totals	**$2,058,484**	**$211,965**	**$80,638**

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

ADJOURNMENT

MAYOR WOOD adjourned this Adjourned Meeting of the Oceanside City Council at 5:39 PM, March 28, 2007.

ACCEPTED BY COUNCIL:

_____
Barbara Riegel Wayne
City Clerk, City of Oceanside