



California

CITY OF OCEANSIDE

MINUTES OF THE

CITY COUNCIL

April 18, 2001

ADJOURNED MEETING 10:00 AM COUNCIL CHAMBERS

Mayor

Terry Johnson

Deputy Mayor

Betty Harding

Councilmembers

Carol McCauley
Esther Sanchez
Jack Feller

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 10:04 AM, April 18, 2001, for the purpose of a study session.

ROLL CALL

Present were Mayor Johnson, Deputy Mayor Harding and Councilmembers Feller, McCauley and Sanchez. Also present were Assistant City Clerk Charles Hughes, Deputy City Manager Mike Blessing, Deputy City Manager Jose Aponte and Assistant City Attorney Anita Willis.

STUDY SESSION ITEM

1. Council priorities for Economic Development

JANE McVEY, Economic Development Director, reviewed the background of what economic development is about. She will discuss the approved economic development plan and some of the actions that have already taken place. She also thought it would be timely to discuss some contemporary issues that are affecting the local economy. She will focus on the goals of economic development in relation to those issues.

The main goals are to create quality jobs in the City, wealth for the community and revenue for the City. Historically, Oceanside has been a little low on the per capita income and very low on the jobs. The City's sales tax is a little low on a per capita basis compared to the rest of the region. The property values are also low, given the fact that Oceanside is in coastal southern California and the fact that there are not many coastal locations in the world with this kind of weather. It is of concern to the City that property values are a little lower than other coastal cities. Oceanside is still below average in revenue, given its location. Those numbers are still true, as they have been historically; however, the numbers are climbing, as evident in the property values, the TOT, the sales tax and the jobs. One can definitely see a shift toward improvement.

MAYOR JOHNSON asked if there is a relation to the fees not being as high as they should be for construction of homes and facilities. When the building fees are low, the structure costs are cheaper, which makes costs to build here less than in neighboring cities. If the cost of the structure were cheaper, the property tax would be lower.

Additionally, if the City does not have quality facilities for people to rent or lease, the City will not collect TOT.

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MEETING BY CITY COUNCIL**

MS. McVEY responded that one of the reasons the values are a little lower is the luck of the draw considering the City's geographical location and the rate of growth for the City of San Diego. San Diego grew from the middle, toward the north and toward the south. It takes time for growth to get to the edges. The growth is now all the way to the north and the south. The values also tend to increase in the coastal areas.

There are inland areas that are higher, such as Rancho Santa Fe, but they have the "charm factor". La Jolla was expensive, then Del Mar was expensive and Solana Beach and Leucadia. Time has created this growth, and Oceanside is actually at a good geographical position for today. The values are coming to equilibrium where they should have been, which effects a lot of what is happening in the marketplace for property values. Also, the City has added to what she refers to as the "charm factor" by increasing landscaping and other things that induce investment and increase values.

COUNCILMEMBER SANCHEZ asked if staff has been able to factor in the effect on the economy of Oceanside in relation to its location to Camp Pendleton over the years.

MS. McVEY said that Camp Pendleton does a study every year of the impact on their payroll, but she did not know if that was all paid out locally. It certainly stabilizes the economy here, making it somewhat predictable. It does have spikes up and down that affect the economy. 25 years ago the City was small, and the Base was small. Today, the City has grown over four-fold, and the Base has remained relatively constant. Therefore the Base does not have the economic impact on the City that it perhaps did 30 years ago. Oceanside has a more diversified economy and other kinds of jobs, and it will continue in that fashion. Oceanside is not as dependent on the Base.

They very much like a diversified corporation with many different product types. The City is different than a business in that it is micro not macro. The City does not print money or impact interest rates or things like that. Oceanside is like a business, although a little reversed in that money comes in and goods and services go out, and it must balance.

Since the City cannot affect its location or the general economy, it needs to be the best it can and look at its strengths and assets in an effort to overcome the weaknesses in each of the products. These products do not stand alone. It is a multi-variable equation where all departments work together and are responsible for economic development. They are responsible for helping to create the product, and they also benefit because they can offer the services that the citizens need.

The City of Oceanside product types include:

1. Existing businesses - It is much easier to keep a customer than to get a new customer. The focus is to keep businesses here and for them to expand and grow.
2. Small/Start-up businesses - If an existing company were not growing, there are people with ideas who could create a business.
3. New industrial offices/primary employers – Primary employers are not necessarily big companies, but ones bringing new money into the economy by making a product or service that is sold somewhere else. These businesses are not re-circulating existing dollars.
4. New retail – They provide the City with revenue.
5. New hotels/hospitality

One of the comments that Mayor Johnson made was correct: if the products are not in place, the City cannot reap the benefits of the beach, the harbor, etc. It is much like a portfolio, which includes a bank account, savings account, mutual fund and stocks. The City receives 15.97% of 1% of the property tax, which is not a lot of money.

In an up market, Oceanside's properties have one of the fastest turnover rates in the County. In an up economy, Oceanside receives higher values. The higher value is assessed once the property closes. The City receives 1% on the sales tax. Due to the State financing system, the City could not increase the sales tax rate without approval by a

vote of the people. However, the City can make 10% on hotels.

COUNCILMEMBER McCAULEY commented that the 10% of the TOT never leaves the City; it stays here. It is not given to the State to redistribute back to the City.

MS. McVEY agreed and further stated that tourism also has intangible benefits to the City, in addition to the TOT. People like to visit beautiful places and leave with good experiences; those things affect everyone. To be a good tourism city positively influences everyone.

To review past actions (4 years ago) that have been approved in the strategic plan, it would be good to review what is appropriate for today. The City needs to be careful not to put all their eggs in one basket because it needs existing businesses. It is not wise to only work on hotels or new businesses and ignore existing businesses. When those new businesses ask ignored existing companies if they like doing business here, they would say negative things that would keep the City from getting the new companies. All these things need to be in place because they are very interrelated.

Ms. McVey reviewed information that is in her monthly report. The business retention program is very important. They conduct business visits. Staff does not pitch the City. It is a warm experience and an exchange of information about the businesses.

She reported that many businesses are very low key and do not want to be heard about. They are not seeking publicity, and many do not even have signs on their doors. If the City did not go out to visit them, they would never know what these businesses do since their name does not give it away. This is a great program.

The City also has a new Business Retention Committee. They have done some KOCT spots and have some articles in the Oceanside magazine. The audience is not a homogenous group of people. They are all over the board in what they make, where they live, what they do and their hours. They do not all watch KOCT or read the local paper. Staff is trying to find different mediums to reach these people. This is why the business appreciation event has such a sketchy turn out. Many of the companies are small to medium-sized, so it is hard for them to get out. They are busy doing their jobs. The next Oceanside business appreciation event is scheduled for May 15, 2001. The business owners are invited, as well as their spouses or another member of their company.

Economic Development provides a local customer service office. If, for example, someone needs a building permit and wants to find out what forms are necessary, staff will try to help them get to the right department and contact person. The Commercial Façade and Paintbrush Program is in what they refer to as the "critical segments," which are specified portions of City roadways. The program provides money to businesses for paint, awnings, etc. It is almost out of funds, so they will be asking Council for \$75,000 in the next budget request.

They hold Economic Development 101 and 102 classes, which describe what economic development is, how each person is a part of the team, and how important this is to the City.

Regarding current issues, she separated them for small businesses into two categories: Statewide and Oceanside, since the City has no opportunity to impact a lot of the Statewide issues.

The Statewide current issues include:

- Electric and natural gas costs – this is a big issue.
- Gasoline cost increases - she heard on the news that prices are as high as \$2.15 in some parts of the region
- Storm water runoff rules costs – will affect our business community

The result of these Statewide issues are Oceanside's current issues:

- ♦ They are starting to experience some layoffs. If a large company that was a major client of a small business here has a layoff, the outcome trickles down. One of the City's challenges is how to be sensitive to this issue but still assure quality. For example, if a company wanted to put rooftop mechanicals on their building but the City has certain requirements, the business does not want to spend the money. However, in the long run, the City needs them to do that. It is important to maintain quality and improve the appearance of the area without causing the businesses to spend too much money.

COUNCILMEMBER SANCHEZ inquired about a program for the smaller shops and restaurants such as the "mom and pop" establishments.

MS. McVEY responded that Oceanside has about 7,000 businesses, and it splits out as follows:

- Roughly 1/3 are brick-and-mortar companies with offices.
- Another 1/3 are companies that have business licenses because they do something in the City, but they did not have a place of business here. They may just lease equipment or do some work here.
- About another 1/3 are home-based businesses.

Of the 1/3 brick-and-mortar companies, the City has not yet had any event for the retailers. Staff has a difficult time keeping up with the primary employers, and trying to penetrate that market is one of their largest challenges. It takes about 15 phone calls to get one appointment, because they are very busy people. Oceanside does not have as much jeopardy of losing the retailer as it does a manufacturer or primary employer. They have many choices and could go anywhere. They may not purchase materials locally or sell locally, so being in any particular city does not mean a lot to them. Therefore the City needs to create some brand identity through customer service so that those businesses stay here. Their biggest issue is usually with relocating. If they have a good employee base and they do not want to lose them, they do not go too far. When companies expand, they try to stay as close as possible so they do not lose customers or employees.

Most of the businesses are located in the valley or strung along Oceanside Boulevard and in the Industry Street vicinity, as well as along Temple Heights Drive, Jason Court, North Avenue, Vista Pacific Drive, Rancho Del Oro etc. The main business parks are in either the airport area, Industry Street, Rancho Del Oro and North Avenue to Temple Heights. The sizes of businesses rang from 3 to 600 employees. It does not matter how many employees they have. What matters is what they do.

Ms. McVey stated that how to effectively penetrate the existing business market more is a huge challenge. Getting appointments with the businesses is not easy. They have more important things to do than have the City visit. Oceanside is fortunate to have the Small Business Development Center (SBDC), which the City partnered with MiraCosta Community College.

The Department had their annual banker's seminar on October 11, 2000. They also have a good relationship with San Diego CDC Small Business Finance Corporation (SBFC). If a business wanted to get a Small Business Administration (SBA) 504 loan in this region, it would have to get approved by the SBFC, no matter what bank the business went to. Oceanside staff has a good relationship with them and have given them referrals.

The start-up guide is for start-up businesses, and they have referred many people to the SBDC. Also, an ad-hoc committee that was developed out of the Economic Development Commission (EDC) involved the development and process regulations. This group was developed before she joined the City to help streamline the process, ensure that it is up-to-date and ensure that the City is doing the best it can.

DEPUTY MAYOR HARDING stated that about 5 years ago Oceanside was known as the worst place to do business in the world.

She and the Mayor had attended a large brokers luncheon before Ms. McVey started. Brokers stood up and told them Oceanside was the worst place to do business in the world. Shortly after that, the Economic Development Commission and the streamlining began. There was a very large turnaround because of this bad reputation in the County.

COUNCILMEMBER SANCHEZ talked to a few brokers a year ago who were not happy.

COUNCILMEMBER McCAULEY noted that 5 or 6 years ago, all of the brokers were unhappy. It was simply because the different departments were not communicating as effectively as they should have been. All of the departments have worked very hard to streamline that process.

COUNCILMEMBER FELLER said in defense, that he started a small business 7 years ago, and he made it work. It is not something that the owners could not do. They had to be persistent and make their efforts. They could not expect the work to be done for them.

DEPUTY MAYOR HARDING clarified that the reference was to people who wanted to come in and have land put together for them. They needed the workings of every department within the City. That is what the Economic Development Commission and Department streamlined so much. It has been an amazing turnaround.

MS. McVEY explained that one challenge is that businesses want things faster. They get new equipment and want their permit turned around in 3 days. It is a challenge to keep up with what they want and need.

COUNCILMEMBER FELLER commented that he is business-friendly. However, if a business is trying to cut corners, it will be miserable for them. He is aware of a lot of businesses that try to cut corners that are miserable. Most complaints probably come from those businesses.

MS. McVEY noted that, as with every organization, there are very knowledgeable people and some uninformed people. Some business people have never built a building before, and they do not want to hire a project manager. However, they have no idea what they are doing. Those people are very time-consuming. Then there are big companies that have done it 15 times and are rather sophisticated. The City must deal with the entire realm.

COUNCILMEMBER SANCHEZ asked how many small business start-ups there have been compared to businesses that have left the City.

MS. McVEY did not have that data. The Department receives their data about new businesses from the Business License Division. However, when a company leaves, they do not need to contact the City to say why they are leaving, going out of business, selling the business or retiring. Getting the departure rate would be very difficult so she was unable to answer that question.

COUNCILMEMBER McCAULEY scanned the fictitious business name filings in the newspaper every day looking for the type of business and whether or not they are coming into Oceanside. From this listing you can see a rise and fall and also the types of businesses that are coming in. There is no way of blending those into a formula for how many leave, because that information is not available. Many times she can identify home-based businesses by the address provided. The large number of home-based businesses indicates they are going through the process correctly by getting licensed to do business.

MS. McVEY added that it is cyclical. In a bad economic time, there are more home-based businesses. Some are not very active because the owner is toying with the idea, and some

form for tax advantages. They are not formed to completely support their families with the business but as a financial strategy.

They have the same issues that they have for existing small businesses, which is the current costs and how to be sensitive to their needs.

Regarding new recruitments, one of the goals is the Ocean Ranch Corporate Center, which is currently grading. She spoke with some people from IDEC yesterday, and they thought their site for the first building rough grading would be done by the end of next week.

Staff wants to develop networks with the development community. The City wants to be known in a positive way with this group of people and make their life as easy as possible so they will bring in prospects. The City's strategy is to make the brokers a distribution channel for the City's message. All of the successful brokers have spreadsheets of everybody they have ever leased or sold to. The brokers could release new space, sell buildings or sell land. They have thousands of contacts. To know a broker is to create a distribution channel. The City belongs to a lot of real estate organizations to gain positive visibility. Staff has a very strong network, and in the development community Oceanside is perceived as very aggressive in the marketplace. They have outreach by sending out a newsletter. They have done some direct mail and plan to do more. They assist the office and industrial brokers by doing site searches and tours.

Other than about 3 buildings 3 years ago, the City currently has approximately 2,200,000 square feet that is either new or proposed construction, and about 915,000 square feet of that is not IDEC. There is close to 1,000,000 square feet that has been built in the last year. Much of it is in 16,000 or 27,000 square-foot buildings; they are not huge buildings or huge companies. A problem when she first arrived at the City was that they did not have any land that was ready. Therefore, the City was losing companies. The City lost a couple of big companies within a couple of months of her arrival because the companies had nowhere to go. There were no buildings available. The demand led to a lot of developers coming in to build spec buildings, betting on the fact that they could fill up those buildings. IDEC was in such a hurry that they just closed last Friday on a building across the street from their new campus on Avenida de la Plata. There were 3 people bidding on that 43,000 square-foot building.

COUNCILMEMBER FELLER noted that when the City has a big company like IDEC or Titleist, other builders and developers want to try to keep up by relocating to the same area.

MS. McVEY agreed there is a strong spin-off from that.

COUNCILMEMBER SANCHEZ inquired what the City is doing about the empty spaces. The City had a lot of office and industrial buildings that have been vacant for a while, and she asked if the City is targeting those.

MS. McVEY confirmed that they do target those areas. Actually, the City does not have as many vacant buildings as perceived. In retail spaces within shopping centers greater than 50,000 square feet, the vacancy rate is about 10%, which is far below the regional average. The City's current industrial vacancy rate is low. Some realtors put signs on their buildings even though a user might be there. They keep those signs up to advertise that they are the agent, and the signs are already paid for.

The City has a very sophisticated database. Within the last 3 years is the first time in the western United States that there has been a multiple listing service for commercial properties. Before that time, Oceanside had its own commercial properties listing that contained 362 properties. So the City operates effectively as a commercial real estate office, maintaining all the listing information and pictures. Information was also provided in the Economic Development newsletters. If somebody needed space, staff would help him or her find it. Oceanside is very active in that marketplace. Additionally, if an owner has a

building, they could list it in the City's database to get further exposure for their building. Virtually no other cities do that.

COUNCILMEMBER SANCHEZ commented that the vacancy rate seems like more than just 10%.

MS. McVEY would verify it, but she believes the City is at a 9.14% vacancy rate. She questioned if Councilmember Sanchez was referring to industrial or retail vacancies.

COUNCILMEMBER SANCHEZ specified both.

MS. McVEY was referring to just industrial space since each product type has different issues. The retail vacancy rate turns all the time. If a big building came onto the market, the vacancy rate would likely increase because there is more space available.

Ms. McVey reported that they are getting recruitment from other states. Workforce training is always an issue, and the quality of education is of interest, as is workforce housing, which the Planning Department is currently working on.

Current issues in Oceanside include:

- Continued availability of industrial and office land
- Positioning as a high-tech location - IDEC has helped to make Oceanside a high-tech place. They have the geography that lends itself to that but they need to position themselves in the marketplace. At the broker event, staff will compare housing and land costs with San Jose, which is \$40 per square foot.
- Ability to match the processing times to the corporate needs - Businesses move fast, and the City must keep up. IDEC's footprint was processed through the Planning Department post haste. It was important for them to know if they would be acceptable to the community.
- Completion of Rancho Del Oro and Highway 78 interchange – This will be a very important interchange to the City.
- Continued development of the light rail line – This project is extremely important. It is exciting for companies to learn that Oceanside is going to have a light rail line that will go by their industrial area.

DEPUTY MAYOR HARDING reported that the committee is 99% sure they will receive full funding. The project is moving full speed ahead, so there should be construction within 3 years. 2004 might be the start-up depending on how the funding comes down. They are in the final stages of engineering.

Regarding the light rail line, **MS. McVEY** noted that the San Diego region does not have many east-west routes. Oceanside has 2 of those east-west routes with Highway 76 and Highway 78. Soon Oceanside will have this light rail line, which will provide them with the best access in the region. This is important.

Regarding retail recruitment, they market to brokers and property owners through newsletters, direct mail and personal contacts. The Department has completed a rough design of a marketing piece for retail. She is a very active committee member of International Council of Shopping Centers (ICSC). The City also participates in trade shows and as a resource to merchant groups, such as the South "O" Merchants Association.

The banner program is emphasized, particularly for areas that are not in shopping centers and are without shopping center management. The goal is to get them to look, feel and act like a shopping center or trade area, and the banners help with that. The Department helped to get the Oceanside Antique Association going. They act as a liaison to the MainStreet group, and they assisted in the development of the Quarry Creek retail center, which would go to the Planning Commission in late June or early July. Staff also provided information, site tours, and site searches for mostly the bigger sites. One of the first companies that arrived after Ms. McVey joined the staff was Eagle Hardware and Garden, which then merged with Lowe's Home Improvement. The other bigger sites

include Home Depot, Best Buy, Mossy Nissan and SteinMart. There are many smaller sites as well. Oceanside has approximately 1,030,000 square feet in new retail space, which is important.

Some current issues include the slowing economy and retail consolidation. People did not shop at huge stores 30 years ago; they shopped at little stores. There are fewer and fewer small stores to fill up spaces, which is one of the reasons the companies that are not big turn over so frequently.

Other current issues include the lack of land remaining on Highway 78. The Quarry is a big project. Highway 76 is still considered young or green because they do not have the traffic count until it is completed to Interstate 15. At that point, there will be opportunity for some large areas of property along that area.

MAYOR JOHNSON indicated that Bill Horn, County Supervisor, was aggressively working with the State to seek funds to speed up the time schedule to complete Highway 76 to Interstate 15.

MS. McVEY noted that this would make a difference for Oceanside. There would be a lot of opportunities for tourism and additional uses for the land in that vicinity.

Additional current issues facing Oceanside:

- ♦ The need for property owners to continually re-invest - As a new store arrives in an area, there should be an impetus for the older stores around it to repaint and redo their facades. However, that does not always happen, and eventually the area starts going further down. The City needs to encourage people to do that.
- ♦ Smaller infill sites - Small sites are very challenging because they are irregularly shaped or do not have the necessary depth, which limits usage. More assemblage of smaller sites is required, which is expensive and time-consuming.

Infill projects are difficult and the City is down to a lot of "B" sites. "A" sites would have been developed. If people had a choice to build a house on a difficult lot that would cost more money and time or on an easy lot, most people would pick the easier option. Businesses operate the same way.

- ♦ Cost to retrofit older buildings - As more people come downtown, there are older buildings that must meet code, and it is expensive. There are more transaction costs, which is the nature of the beast.
- ♦ Tourism/hospitality - To develop a tourism theme in conjunction with the Chamber of Commerce, they came up with the theme: "Oceanside, take a closer look." A matrix showed that worked for the valley, the Mission, the art museum, surf museum and other areas not at the beach. A big task is to develop a long-range plan for tourism support and coordination in the community that focuses on hotel promotion. It is hard to come up with an advertising plan without knowing where the City wants to go. They have a strong partnership with the Chamber of Commerce to whom the City provides financial support, with the California Welcome Center, and the new Chamber of Commerce facilities. The Hotel and Motel Owners and Operators Association emerged from the tourism summit 2 years ago.

DEPUTY MAYOR HARDING asked how the City coordinates MainStreet and the Chamber together. She understood that MainStreet was strictly downtown, but she is concerned that the Chamber does not do a tremendous job of reaching the big industrial and manufacturing businesses in the valley - those businesses that have a lot of influence, money and time. In her opinion, the Chamber has never done a good job of attracting big businesses in those areas.

COUNCILMEMBER McCAULEY pointed out there are several in the Chamber.

COUNCILMEMBER FELLER surmised that the membership is throughout the City, with a higher focus on retail. He did not think the focus was particularly on downtown.

DEPUTY MAYOR HARDING specified that her concern is that it should also be on industrial and manufacturing.

MS. McVEY said that Chamber of Commerce personnel accompany City staff on business visits.

They participated in the development of the tourism fulfillment piece that was located in the community rooms. This year they plan to do a fun kick-off event. The *Concierge Reference Manual* is a great resource that is currently being updated.

Staff planned to analyze and track transit occupancy tax receipts since they recently received that information from Finance. As the Mayor previously commented, the City has a lot of functionally obsolete rooms and hotels; therefore the City is not receiving those funds. In seeking to add new hotel rooms, a few are in the mill but were not listed because she was not sure if they were actually going to build. Some businesses make their money assembling and titling to sell. Oceanside has an Extended Stay America, Comfort Suites, Trendwest, and Manchester and Resorts International.

Once construction begins on the IDEC facilities and others, and until the Manchester and Watkins projects are built, tourism may not yet be exactly where the City wants to focus. One good thing is they will have a lot of specialized construction people.

MAYOR JOHNSON asked Ms. McVey to inform those who may not know that there is a 2,000-room gap between Oceanside and Carlsbad, which is a big difference.

COUNCILMEMBER FELLER indicated that the information on room counts showed the number of new rooms in Oceanside. He clarified there is a 2,000-room gap without the new rooms.

DEPUTY MAYOR HARDING suggested they may need to schedule another meeting. She thought it was very necessary that the Council/Redevelopment Agency review North Coast Highway before allowing any more small motels to build. Staff is apprehensive about amending the Coastal Plan, so she did not know whether that was going to take re-zoning. These are sites with no variances, setbacks, parking variances, etc. She and Mayor Johnson met with some big developers about the need for very large hotels down there. The City must do something soon to stop the small motels from building because that is not what is needed on North Coast Highway.

MS. McVEY cautioned that she did not think of these as all new rooms; these are replacing functionally obsolete existing rooms.

DEPUTY MAYOR HARDING thought the City needed more hotels in the valley for the industrial business people too.

Again on current issues, **MS. McVEY** stated there needs to be agreement on the need for and the funding of a long-term tourism marketing plan. To be prepared for when the hotels do arrive, the City will already have a plan in place that incorporates the different price ranges. The City has its own product types within the hotel market. Not everyone stays in expensive hotels, so the City needs different price points for different budgets.

COUNCILMEMBER SANCHEZ asked how important the airport is to businesses coming to town.

MS. McVEY did not know how many businesses here use the airport for corporate purposes. She does not know how many people would be interested in using it for business

reasons or for recreational reasons. She would need some data to make an informed comment on that.

COUNCILMEMBER SANCHEZ was referring to airport usage for future businesses. She asked if an airport was an important economic development tool that would attract businesses.

MS. McVEY did not know yet. That could be a study that the City might want to undertake.

COUNCILMEMBER SANCHEZ had not seen any information on agriculture relating to the City's economy.

MS. McVEY considered the Milano Farms, for example, as a primary employer for the City. They are one of the largest flower growers in the nation. They have a lot of value and are significant. However, if staff were to rank all of the City's companies, Milano Farms does not pay average wages of \$65,000 per year. If the City had its druthers, the emphasis is to get the wage rate up as high as possible to increase the per capita income. They do not have the incomes that a company such as IDEC does, but they do supply work and have value in their product.

DEPUTY MAYOR HARDING added that they are farming on thousands of acres of land owned by another entity. If the agricultural business does not work, it would be easy to sell that land. It is very important to keep that agricultural overlay.

Continuing on current issues, **MS. McVEY** noted the following:

- The most desirable sites are along North Coast Highway and require complex assemblage;
- positioning and branding the City in the marketplace;
- enhancing the physical image through landscaping and streetscaping - this is something being addressed at the tourist center;
- Businesses in the tourism industry need to realize tourist potential by thinking, acting and promoting like a team.
- consideration of a promotions coordinating committee
- completion of Parcel B of the Ocean Place Cinemas - they have a draft out for a Request for Proposal (RFP) on Parcel "B";
- sand on the beaches; and
- harbor improvements.

On the Community Issues strategy, the Economic Development Commission and its ad hoc committees include the following:

- Image and Gateway Committee
- Tourism Committee
- Transportation Committee
- Business Retention Committee
- Marketing Committee
- Manchester Resorts Committee
- Key Issues Committee

They plan to implement portions of the Mission Avenue corridor plan through outreach to industrial property owners to improve the appearance of buildings and landscape on Highway 76 and Mission Avenue. The west Mission Avenue undergrounding was completed, but the utility poles are not down. She was told they should be down shortly. Some new tenants moved in on west Mission Avenue. The SBDC, MiraCosta College, etc. improvements helped Mission Avenue. They have done outreach and blanketed that entire area. On the façade program, staff sent direct mail letters to businesses that front on Mission Avenue or Highway 76 to advertise the façade program. The City was also working on landscape design for west Mission Avenue. This landscaping design for west Mission Avenue is an ongoing landscaping project in conjunction with the

undergrounding of those utilities. The landscaping is not going to go in until the poles come down.

COUNCILMEMBER McCAULEY questioned if fronting the roads meant that the companies were visible from either Mission Avenue or Highway 76. On the south side of Highway 76, the backs of buildings are seen.

MS. McVEY identified those buildings as being eligible as long as their building is on the front of one of these roads. If they are 2 blocks in on the interior of a park, they are not eligible. The idea is to dress up the corridors.

COUNCILMEMBER SANCHEZ had been trying to do a joint beautification project with the owner on a property located on Mission Avenue and San Diego Street. The City was unable to find the owner. There were 2 people involved, and 1 person died so it went to the State. She asked if there was any way to expedite finding the owner. This is a gateway to the old east side.

MS. McVEY said they send certified letters to companies from the assessor records for loans and property. If they never respond to the letter, she did not know how to reach an owner who did not seem to want to be contacted.

COUNCILMEMBER SANCHEZ did not think the owner was even responding to Code Enforcement.

MS. McVEY noted that Councilmember Sanchez might want to talk with Doug Eddow in Property Management or someone in Engineering to get more direction.

Regarding the beautification process, the plan is to put in underground utilities, take down the poles, put in landscaping, get the façade program going, bring in new tenants and make it look much nicer. Councilmember Sanchez was focused on one pocket park that needed attention.

COUNCILMEMBER SANCHEZ said there was a vacant lot across the street that looked horrible, which is the gateway to the Mission.

DEPUTY MAYOR HARDING reiterated her hope to schedule a meeting to discuss the combination of the 2 departments. Economic Development Department is lean, and Redevelopment is overloaded. She hoped that Ms. McVey would define the Department's minimum needs. The City has a lot of financial juggling, but she is excited about the consolidation. Economic Development must focus on the whole City; she never thought they should have been separated.

MS. McVEY concluded that the City has a database with 362 properties. They mail 682 newsletters per month. The industrial research and development marketing packet is in its second draft. The demographics were compiled annually. They updated the website monthly so they would like to put it on the web, but there is a cost to do that.

Some current issues included how to create more awareness and excitement after the lull. When the IDEC deal happened, Oceanside had a big bang, but it has settled down. She wanted to punch that up again. Their groundbreaking would give the City another opportunity. The City needed some more sophisticated marketing materials such as a CD with streaming video, more access to mediums and more business news than the *Oceanside Magazine*. The City needs to continue the physical image improvements through landscaping.

The City needs stronger positioning and branding. Different committees have their own work plans that showed the outcome of their goals, such as the multi-year marketing plan, the branding, and the broker event. The Rancho Del Oro and Highway 78 interchange are among more top priorities and projects.

April 18, 2001 -10:00 AM

Council Study Session Minutes

DEPUTY MAYOR HARDING said they are really pushing the interchange. When she and the Mayor were in Washington D.C., they pushed the interchange as hard as they could. Issa did put a request in for \$30,000,000.

MS. McVEY concluded her presentation.

ADJOURNMENT

Following general discussion, **MAYOR JOHNSON** adjourned this meeting of the Oceanside City Council at 11:12 AM, April 18, 2001.

ACCEPTED BY COUNCIL:

Barbara Riegel Wayne, CMC
City Clerk, City of Oceanside

NOT OFFICIAL
UNTIL APPROVED
SUBSEQUENT
MEETING BY CITY COUNCIL



California

CITY OF OCEANSIDE

MINUTES OF THE CITY COUNCIL

May 23, 2001

ADJOURNED MEETING 2:00 PM COUNCIL CHAMBERS

Mayor Terry Johnson	Deputy Mayor Betty Harding
Councilmembers Jack Feller 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 Deputy Mayor Harding at 2:03 PM, May 23, 2001, for the purpose of a workshop. The Pledge of Allegiance was led by Councilmember Feller.

ROLL CALL

Present were Deputy Mayor Harding and Councilmembers Feller and McCauley. Councilmember Sanchez arrived at 2:28 PM. Mayor Johnson was absent [arrived at 3:28 PM]. Also present were City Clerk Wayne, City Treasurer Jones, City Manager Steve Jepsen and City Attorney Duane Bennett.

WORKSHOP ITEMS

1. **Capital Improvement Program/Transportation Improvement Program Budget for 2001- 02**

PETER WEISS, Public Works Director, presented the annual workshop on the Capital Improvements Program (CIP). The purpose of the CIP is to provide for the construction and continuing stewardship of the infrastructure essential for the delivery of services. The projects in the CIP are based on various elements of the City's General Plan.

The CIP programs include thoroughfares, streets, traffic signals, bicycle routes, drainage, parks, municipal buildings, and water and sewer programs. Last year, Council approved the CIP containing 130 projects. Within this past year, 30 have been completed; 15 are under construction; 24 are in their design phase; and 61 are in the planning or ongoing phase. Some of the ongoing projects are maintenance projects that will continue from year to year.

Council approves funding for the CIP in the first year of a 5-year plan. Years 2 through 5 are used as a planning tool only, and Council adopts a CIP every year. The CIP for the upcoming year is significantly high, totaling close to \$147,000,000. The reason it is high is due to several large projects starting this year, particularly in the Water and Sewer Department. Eight projects total almost \$100,000,000. The largest project for the year, which is also the largest project the City has ever done, is the \$60,000,000 San Luis Rey Waste Water Treatment Plant expansion. Excluding that project, the CIP is reasonably between \$20,000,000 and \$25,000,000.

The one new project in the thoroughfare program is the Circulation Plan Update. It is not an entire update of the Circulation Element; it is an evaluation of the Circulation Element, looking at major corridors and areas should the Circulation Element require

revision in the future. They are not referring to this as a major revision because they rely on the traffic model developed by San Diego Association of Government (SANDAG) for the region as the basis for the City's traffic model. SANDAG is in the process of updating that model and should be finished later this year. The City's Circulation Element that was adopted in 1995 should be reviewed in various areas: changes that have already occurred or that may occur in the future and planning changes. Staff can adjust and make recommendations for future expenditures that impact the City's major circulation corridors. In the thoroughfare program, projects that are continuing are:

- The Rancho Del Oro Interchange, which has programmed \$2,000,000 for next year and include a carry-forward of monies that would have been approved this year for the environmental and planning phase. According to the current schedule, money was also included for the City to consider design consultants before the end of the next fiscal year.
- The Pacific Street Bridge at the San Luis Rey River, which only includes money for the initial planning and environmental phase. The City probably will not progress to the design, but it is a significant project where engineering staff, Peter Biniarz, got the City a grant of \$10,000,000 out of bridge replacement monies.
- The Rancho Del Oro extension between Oceanside Boulevard and Mesa Drive.

The streets program is primarily a maintenance program. Gas tax monies are the major funding source for this program. Some TransNet monies are allocated and restricted specifically for street maintenance and repair, which are restricted for that effort. The continuing projects in the streets program include miscellaneous sidewalk repairs. The City contracts about \$150,000 in sidewalk repair per year. City forces and contract work have fallen significantly behind in sidewalk repair. Based on meetings with the City Attorney's office, staff has decided that the City would benefit by including an additional \$150,000 into this project, as opposed to asphalt, because of the liability associated with not taking care of those sidewalk problems.

DEPUTY MAYOR HARDING asked why the City had fallen significantly behind in sidewalk repair.

MR. WEISS explained that the amount of damaged sidewalk is increasing faster than the City and contractors can repair it. By contract, the City is limited since it must specify locations and cannot have a general contract to fix a certain amount of sidewalk per year. Staff has to put a contract out to fix accumulated sidewalk repairs, causing a lag time. Once staff recognizes damaged sidewalk, it could take up to 6 months to get it repaired. The City crews focus on urgent requests where there is significant liability issue that must be addressed. When it is possible, staff will barricade the area and put it in to a contractor to fix the area at a later date.

There has been an increase in claims. Staff ascertained that it is easier and cheaper to fix the problem than to wait, even if it is someone else's responsibility. In meeting with the City Attorney's office, the liability is higher for the City to not make the corrections, so the City will just fix them.

The neighborhood traffic improvement program has \$200,000 allocated as a continuation of Council's directions over the past few years to deal with neighborhood traffic issues. Staff may need to implement significant improvements in some neighborhoods and may have to return to Council to request more money. Neighborhood traffic is improving as detailed in a recent study session.

The City spends about \$1,800,000 in street restoration and overlay. TransNet is the primary source for \$1,200,000 of that amount. Fuel tax provides \$600,000 based on the amount the City receives. About \$1,400,000 of gas tax monies is transferred to support the Cities operational programs such as City street pothole repairs, signing, striping, etc. Those funds are restricted for transportation. The \$1,400,000 does not come out of the General Fund. If TransNet money ceases, in 2008 the City will lose the \$1,200,000 for street repairs

and overlay and will be faced with the challenge of finding another funding source for street repair. SANDAG has tentatively scheduled to discuss the direction of TransNet on June 22. Staff will meet with Council beforehand to get direction regarding TransNet.

COUNCILMEMBER McCAULEY asked if Senate Constitutional Amendment 3 (SCA-3) is still offering to have the Constitutional amendment to extend the TransNet funding.

MR. WEISS responded that right now SANDAG is looking to put an initiative on the ballot in November 2002 that would require a 2/3 vote. Through the various committees that SANDAG is working on, there is the presumption that it will require a 2/3 vote. This is the issue that will be before the SANDAG board on June 22. Further discussion of this matter will be to determine whether the TransNet extension should also include habitat and open space.

In comments on SANDAG's survey, **MR. WEISS** understood that SANDAG believed the first survey was unfair, so they are in the process of a second one. The Transportation Committee of SANDAG may discuss this item, and it will go before the board on June 22. There is a small window of time for staff to bring this item to Council for direction.

DEPUTY MAYOR HARDING stated that both NCTD (North County Transit District) and MTDB (Metropolitan Transit Development Board) have been very strongly against adding anything to the ballot measure except transportation items.

COUNCILMEMBER McCAULEY noted that SANDAG was originally against it as well.

Continuing with his presentation, **MR. WEISS** referenced continuing projects in the streets program. These are projects that have been in the CIP for the past few years and will continue: the tree-trimming program is contracted to supplement the City staff; the Americans with Disabilities Act (ADA) curb ramps hopefully will be finished in another 2 years; the gateway corridor improvements had been increased from \$250,000 last year to \$300,000 based on Council direction to staff.

Regarding new projects, the Loma Alta Creek Detention Basin at Rancho Del Oro Road, is not actually a new one, but it has a new funding source. It is now primarily funded from fuel tax. Also included is the Vista Way Median Beautification, which is the third phase of what was scheduled to be a 3-phase traffic calming approach on Vista Way, west of I-5.

In response to Councilmember Feller, **MR. WEISS** explained that the Regional Surface Transportation Program (RSTP) is a federally funded program implemented this past year that gave cities a one-time "big-ticket" item. Oceanside received \$835,000 that must be matched 20% with City money. The money is restricted to repair certain streets that were identified in the grant application. Streets cannot be widened or have any other modifications; they can only fix them. Oceanside received this grant last year but did not spend the money due to the 9-month environmental review the City is required to go through to fill potholes on the streets.

COUNCILMEMBER McCAULEY asked where the medians are located on Vista Way in reference to the Vista Way Median Beautification project.

MR. WEISS clarified that the medians do not yet exist but are part of the long-term solutions for Vista Way, west of Interstate 5. Staff brought the first phase of this project to Council early last year. The lanes have been narrowed down to one westbound and 2 eastbound, etc. This third phase will involve pop-outs and center median islands at several key intersections.

Another project is the small parking area on Greenbrier Drive between the golf course and apartments to remedy some of the off-street parking problem. Last year, there was an issue about providing off-street parking and additional enhancements, which the City plans to provide this year. Staff plans for this project to be bid soon.

This past year, the City took over ownership of all the bus benches and shelters. Staff is in the process of replacing many of the benches. This process has already begun along Mission Avenue and Oceanside Boulevard. The City is also painting over the old ones that have advertisements on them. The fixed line item in the CIP will allow the City to put in new benches/shelters as they are needed. The benches will be purchased through a cooperative agreement with the Cities of Carlsbad and Encinitas.

DEPUTY MAYOR HARDING said that the NCTD Board is proceeding toward a standard bus and is pushing for more shelters. She asked if staff had taken into consideration the area around Ralph's that would be changing.

MR. WEISS advised Council that staff is working with NCTD who told staff that they would fund the benches and shelters.

He next addressed the traffic signaling program that right now is made up of only continuing projects, which are located at:

- North River Road and South Redondo Drive
- College Boulevard and Marvin Street
- Signal modifications at Highway 76 and Coast Highway
- Emerald Drive and Olive Drive

With the addition of Frank Watanabe to the Engineering Department, staff will be re-evaluating the signal program. This program has not had a significant fee increase in a number of years, and the City is finding that it will not be collecting enough money through the normal development fee process to pay for the needed signals. Staff will be determining how to pay for new signals. This evaluation will be part of the Circulation update.

COUNCILMEMBER McCAULEY questioned if the project at Lake Boulevard and Sky Haven Lane, budgeted for \$2,600, was only a study.

MR. WEISS confirmed that this is just a study. John Amberson is working on a traffic calming effort on Sky Haven Lane that includes researching whether or not a signal is needed there. It is in the City's long-term signal list, but staff has not yet determined if it should be funded. When the City finishes installing the above listed signals, there will only be \$1,000 left in the fund. So even if a signal is needed there, the City does not have the ability to install it at this time.

The bicycle program does not receive ongoing funds. The thoroughfares, streets, drainages, parks and buildings programs all receive money from developer's fee. That money is restricted; the City cannot spend the money however it chooses. The bicycle program is all grant funded. In the case of the Pier View Way underpass, the City has over \$1,000,000 in grant funds and has included excess interest from TransNet into that account as well. The Non-Motorized Element of the Circulation Element identifies trails. The bike paths that are currently in progress will be completed by this summer, as soon as the City obtains the biological restrictions. Now that it is graded, most bicycles have access to the bike path from Loretta Street to the railroad pass. The final drainage and paving should take place later this summer.

DEPUTY MAYOR HARDING thought that San Marcos was the lead agency in establishing a bike path from Escondido to Oceanside; however, she was advised that Oceanside had environmental concerns that prevent it from having much of a bike path.

MR. WEISS responded that, in the environmental document prepared for the railroad right-of-way (Loma Alta Creek) from the transit center to San Marcos, the original plan had envisioned the bike path being in or right next to the railroad right-of-way. However, there are some significant environmental constraints along there. As a compromise to allow funding for the first phase to get through, starting from the west to the east, the majority of the bike path was pushed out into the bike lanes within Oceanside. Once the light rail goes through (with the double tracking), it will address some of those environmental issues. The bike path will then be put back into the railroad right-of-way,

where it belongs.

COUNCILMEMBER McCAULEY inquired if Mr. Weiss was referencing the Trails Element that was adopted in 1995 or 1996, and **MR. WEISS** confirmed he was.

Regarding the drainage program, the ongoing projects include the Loma Alta Creek project. The bridge structure at Pacific Street is finished, but the handrails still need to be added. He noted that the rails have an artistic flare to them by incorporating the Oceanside wave. Since Caltrans (California Department of Transportation) was funding part of the bridge project, the Structure Section of Caltrans in Sacramento had to approve the design for the handrail. The rails are being manufactured right now and will hopefully be up in the next 3 weeks. At Council's last study session on the North Gateway area, it was suggested that the City install a wavy handrail on the bridge. The Pacific Street Bridge handrail will serve as a model for potential use on other bridges as well.

[Councilmember Sanchez arrived at 2:28 PM.]

The new drainage park projects include a storm drain at Capistrano Park. With the development on Camp Pendleton over the last few years, the City has had a lot of problems at Capistrano Park by the tennis courts and the back ball field area, where the water that is draining off of Camp Pendleton is causing significant erosion. After every moderate storm, a lot of sediment forms on the tennis courts and the ball field areas. It really does not drain out.

In the past, Capistrano Park was designed to flood as a detention basin. However, due to the location of the river, there is no need to hold that water in. It is better to get that water into the river, so a line item was included to add a storm drain system that will drain the water out of the park and into the river in an effort to not flood the park.

An additional new project is the Buena Vista Lagoon Weir, which is not listed at its final cost. Oceanside and the Coastal Commission have gone through several iterations of this. There are various opinions on the weir: some want it in, and some want it out. A couple of years ago, Council said to put the weir in. They made the commitment that if it ever comes out, they are willing to take it out. It does provide some flood control benefits to the residents of St. Malo. The Oceanside and Carlsbad City Councils, as well as the Joint Powers Committee, have approved it. This dates back to when Vista was still a member of the Joint Powers Committee, so this has been ongoing for a while. It is yet to be approved by the Coastal Commission.

COUNCILMEMBER McCAULEY thought that the weir is currently 40 feet of sand dune. She asked whether Carlsbad blocks that off the same way Oceanside blocks off Loma Alta Creek at Buccaneer.

MR. WEISS explained that was natural blockage from high tides. The high tides wash the sand and cobble up against the weir. Oceanside has a cooperative agreement with Carlsbad that at certain times of year, Oceanside staff will actually go out there and clean that off so the water will flow over it.

COUNCILMEMBER McCAULEY pointed out that the existing weir is buried under water.

MR. WEISS agreed that unless one knows it is there, one would not see it.

The only other new project in the drainage program is the Oak Riparian Park Channel improvements. There is a natural channel that winds through Oak Riparian Park; however, at the westerly end of the park, there is a lot of growth that has occurred in the channel, which has pushed the water out into one of the play areas. The City cannot just do a maintenance program. They must go to the resource agencies to identify improvements and to do some mitigation. Staff plans to make the channel more attractive. Some trails behind the park go alongside the stream, which looks very nice. Staff will enhance that area to make it a more usable and attractive park.

The parks program includes 3 major continuing projects that Council has already seen. The construction phase for the Heritage Park and Fireside Park restrooms will begin soon. These projects have been through various stages of Commission and Council review. Staff will bring to Council some concept plans for further instructions so the City can begin the planning process, obtain the use permits, development plans and begin the construction phase. Staff has come to an agreement with the Heritage Park Board regarding what will be included in the restroom construction there. The restroom also includes a nice concession area, a bridal changing area and some offices. It will be a really nice amenity to improve the overall use of the park. The Heritage Park Board is in support of it, but there are still some challenges to overcome with individual members. They will bring it before Council.

The other new project is the Martin Luther King, Jr. School Site Expansion. This has already been in the CIP for 2 years and is entering the third year. It is currently there as a placeholder since staff is in the process of trying to work out arrangements with the Oceanside Unified School District. Should those come to fruition, the City has the funds to implement that. This project will be brought back through the Recreation Department.

COUNCILMEMBER McCAULEY asked if the Fireside Park restrooms would be installed next year.

MR. WEISS noted that staff would bring the plans to Council after the issue has gone through the Planning Department and Commission for a public hearing. He presumed it would be before Council within this next fiscal year. If everything goes well and is approved, the restrooms should be built by next summer. There is still an issue of whether or not the public really wants them, which will be determined during the public hearing process.

The new projects in the Parks Program are based on Council interest expressed at a recent study session. The suggestions were presented to the Parks and Recreation Commission and were arranged into 2 major categories: specialty parks and sports fields. Specialty parks have not been identified specifically but could include skate parks, dog parks, BMX parks or extreme parks. There is \$480,000 set aside for specialty parks. There will be another process that the Recreation staff will bring to Council, such as identifying sites and the type of specialty park. Once Council makes a decision and gives direction, staff will be able to begin implementation without a budget appropriation process. The sports fields need to have sites determined for soccer and/or baseball fields, etc.

There is \$150,000 for the Ivey Ranch Park to be developed into ball fields. Council awarded \$300,000 last week for Libby Lake through a budget appropriation. As mentioned in that staff report, it is an advance borrowing from the next year's CIP. That project is listed as a new one, although Council has already awarded the construction contract.

DEPUTY MAYOR HARDING asked if there was any way to add sports parks on the couple of acres in Ivey Ranch since the Parks and Recreation Commission decided it was not a suitable place for a Dog Park.

MR. WEISS thought that Ana Alvarez, Recreation Director, and staff are reviewing that option. There is currently \$150,000 in the budget to complete the center part. If the Department found that it was feasible to add a field into the layout, staff would encourage doing it all at the same time. Staff would have to come before Council for the process to define exactly what would be there.

COUNCILMEMBER FELLER noted that at the Parks and Recreation Commission meeting, the vice-president of the girls softball league presented a configuration that suggested placing 3 softball fields within Ivey Ranch Park.

COUNCILMEMBER SANCHEZ had heard some very serious issues regarding the small area being considered for parking. It would be nice to see what it would look like to have 3 fields for girls' softball.

MR. WEISS responded that staff will maximize the use of that area. They are

careful to not maximize the use without considering parking. Council is not approving the project today. It will still have to go through its normal process that includes an environmental review, the Planning Commission, and the Parks and Recreation Commission to see the specific details of the project.

COUNCILMEMBER McCAULEY recalled Parks and Recreation staff advising that it would be difficult to put a field of any type into that skinny area. Even if a field could be squeezed into the area, there would be no spectator room. Regardless of what happens to the area, Property Management staff identified additional parking located at the overpass area at the opposite end of Ivey Ranch Park. As previously mentioned, all of these options will return to Council in the future. She liked the idea of 3 softball fields, if they would fit.

COUNCILMEMBER SANCHEZ understood there would be a presentation to the Parks and Recreation Commission for a snack bar at the Martin Luther King, Jr. site, which may or may not accommodate a number of different sporting groups. She asked if this expense would be taken from the sports field funds of \$600,000.

MR. WEISS said it would not. There are ongoing funds in the CIP for the Martin Luther King, Jr. Park only because completion of the player benches for hockey and a couple of other minor things have to occur. If Council direction at some point is to build a snack bar, that will require money. Staff would have to come before Council with a budget resolution asking for money to put into a project. Presently there is no such project or funding.

COUNCILMEMBER SANCHEZ restated her question. Since there is a category for "sites to be determined," she asked whether that could be included in the sports fields category.

MR. WEISS replied that staff could come before Council and remind them of that \$600,000 in the sports fields "sites to be determined" category. Council would have \$600,000 to either build sports fields at selected sites, or allocate some of that money to a snack bar.

Regarding the municipal buildings programs, most are based on development fees collected by the City. The two exceptions to that are the first two buildings, and the only reason they are listed here is to make it easier to track them under buildings. First is the Oceanside Welcome Center, which is not funded from development fees. There was a separate Council agreement with the Chamber of Commerce as to how that money is coming in. They are just tracking it in the CIP because it is a project and it makes sense to track it the same way they track all other projects. Second is the remediation at the old Oceanside Police Department. Again, that is not being paid for out of developer fees; it is simply listed in this program for the purpose of tracking. Out of the vehicle replacement fund, Council appropriated the money to clean up the old fuel site. That process has started, and some of the equipment has been ordered and is being delivered this week to begin the remediation process.

The other ongoing projects include the Fire Station upgrades, which are the gender upgrades approved by Council last year. The upgrades entailed making the necessary modifications requested by the Fire Chief to accommodate the gender differences. There is a line item to use \$2,100,000 next year for construction of Fire Station No. 7.

DEPUTY MAYOR HARDING recommended the City should wait on that since the City is looking into regional fire service. The City could accumulate the \$2,100,000 from various fee revenues, but it does not even touch the annual operation expenses of a fire station. She is hopeful that the City would advance much further with regional fire service before spending the money to modify Fire Station 7.

COUNCILMEMBER McCAULEY agreed.

CITY MANAGER JEPSEN stated that the money shown here for Fire Station 7 does not exist. The City needs to find the funding source for this project in order to accommodate the construction of that facility. Staff would bring this back to Council.

DEPUTY MAYOR HARDING asked why it was included in the information.

MR. WEISS explained that Council is appropriating the money for the design this year. The construction is scheduled for the following fiscal year. Staff listed it to explain what the City is planning for construction. Based on the amount of building permits the City is issuing, staff anticipates funding would be available for Fire Station 7 in the next fiscal year.

DEPUTY MAYOR HARDING was concerned about designing it before getting further down the road with the regional fire service. \$228,000 for design is a lot of money.

CITY MANAGER JEPSEN commented that this Fire Station has been a priority for Council. There is already a Station No. 7 that is currently being run out of trailers. It has been the highest priority for the Fire Department, but it needs to be valued. Staff needs to bring this back to Council in the context of the community facilities fund and what Council might prioritize under this fund. Council has discussed a number of other things, including a senior center, a new branch library, etc. There are other issues that Council should prioritize before committing to the construction part of this fire station. He agrees that the design needs to be ready so that, if money or grants become available, the City would be ready to build. He encouraged Council to give consideration to the design, but require staff to return with a prioritization of the community facilities fund.

COUNCILMEMBER SANCHEZ asked why the Art Museum expansion was not listed here since it is tied in with the fire station. She understood that the museum might request the City to fund the capital improvements. This would not be easy for the City to do, but the Art Museum will be doing a major fund drive to pay for most of what they envision to become a regional museum serving North County.

MR. WEISS did not have any specific information on the Art Museum; he would have to defer to the City Manager. Within this particular fund, the City can only spend money on something that is specifically related to Police, Fire or Library. The money collected from developers is set out within the Community Facilities Element, and it lists very specific criteria for what the money can be used for. Unless it is part of the library or can be construed as such, the museum would not be eligible for that funding.

CITY MANAGER JEPSEN stated that the Art Museum has contacted him and would present their proposal to Council. They are asking for a commitment from the City to relocate Fire Station 1 within a 5-10 year period. However, without having the money on the horizon to do that, it is difficult to make that commitment. If Council were to commit to doing that, the City would have to come up with another \$2,500,000 to \$3,000,000 to replace Fire Station 1.

DEPUTY MAYOR HARDING stated that for safety reasons, Fire Station 1 would have to be relocated west of Interstate 5, making it more difficult.

MR. WEISS next addressed the water program. The ongoing projects include the Mission Basin Desalting Facility, the waterline on Mission Avenue from Foussat Road to El Camino Real and the completion of the Highway 76 waterline relocation - the physical construction has been completed. The City is in the final acceptance phases. There are also some ongoing issues with the contractor.

There are some new projects that are minor as listed in the backup. There are no major new projects.

The major projects are in the sewer program. The ongoing programs include one \$4,000,000 and one \$3,000,000 lift station, which seem minimal in comparison to the \$60,000,000 WasteWater Treatment Plant expansion. This is the largest project the City has ever done. There are 2 new projects within the sewer program that include an energy upgrade at the La Salina Treatment Plant and an El Camino Real Sewer Upgrade that is a Phase 4 project costing approximately \$1,000,000.

A couple of other CIP programs include a Harbor Program. Council made a decision a couple of years ago to put in abeyance all projects in the harbor until the boat launch and harbor parking lot issues are resolved. Money is set aside for that, but it is carrying forward per Council direction.

The Community Development Block Grant (CDBG) projects, as they relate to capital projects, are shown in the CIP as a tracking mechanism. Council has already approved the projects and the funding for them.

The undergrounding of the overhead utilities projects are also listed in the CIP. The only project that has money allocated for it is the completion of the undergrounding on Mission Avenue. The others that were put in as a Council priority are listed as future projects. The next highest priority project that Council had directed staff on was the overhead utilities on Oceanside Boulevard, from Crouch Street to El Camino Real. There are 3 other priorities for future years.

On the undergrounding, Council needs to be aware that, given the energy issues, San Diego Gas and Electric (SDG&E) would like to put into abeyance all undergrounding projects. Those projects that have already been funded have been put on a 90-day delay. It is secure that they will finish the final work on Mission Avenue, but the implementation of the other projects is questionable. SDG&E has indicated that if Oceanside starts the process, they think they might be able to fund it. He understood that SDG&E would try to ask the Public Utilities Commission (PUC) to have the City's allocations eliminated entirely.

The final projects listed are the miscellaneous City projects that come up from time to time and are put into the Capital budget as a tracking mechanism. They include the reclamation at El Corazon; the Mission Avenue Relinquishment project, which is the money the City received from CalTrans when CalTrans returned Mission Avenue; and the Murray Road Bridge enhancements - Council approved concept designs for landscaping 2 years ago. They are in design now and should be moving forward.

That concluded his presentation.

COUNCILMEMBER McCAULEY asked for clarification on why the Oceanside Police Department, Mission Avenue fuel clean up was under both miscellaneous projects and the municipal building programs.

MR. WEISS responded that they are the exact same thing. It is listed under the municipal buildings, but it is actually funded from the miscellaneous funds because the buildings fund cannot fund it. It is shown in both categories for tracking purposes because it is associated with a building.

COUNCILMEMBER McCAULEY asked if the same is applied to the Libby Lake Park improvements.

MR. WEISS indicated that last year the Libby Lake Park improvements started out as being funded through the City Manager's supplemental budget. It was not included in the initial parks program. It was a supplemental budget in the amount of \$197,000 for a roof replacement and the pavilion. A portion of that amount went for the aerators and other park improvements as well. There is \$116,000 left in that account, and the balance is coming from parks fees. It shows up in both, Miscellaneous and Parks programs, because it is funded from both programs.

Public Input

JEAN KUJAWA, 4914 Glenhaven Drive, spoke regarding the transportation program. She is aware that SANDAG is in charge but she referenced the 318 bus route that does not stop at the mall, which is a transfer station, but joins bus route 316. So there are now 2 buses that travel from El Camino Real to the transit center downtown.

She asked why the 318 bus cannot run every half hour, stop at the mall and eliminate the 316 because it will go down Oceanside Boulevard. This would accommodate

the seniors who cannot get to the hospital, clinics or mall. The 313 bus route was re-routed to accommodate people west of El Camino Real on Mesa Drive, and it goes all the way to Mission Marketplace. Yet, the seniors living along College Boulevard cannot get to Mission Marketplace.

The 306 bus goes from Vista Way to Camp Pendleton, down North Santa Fe Road, and stops at Mission Marketplace. People from Vista and downtown Oceanside can get there, but the seniors who live along College Boulevard cannot. It does not make sense.

DEPUTY MAYOR HARDING informed Ms. Kujawa that this issue is not under the purview of SANDAG but of the North County Transit District (NCTD). They meet the first and third Thursdays at 3:00 PM. The North County Transit District takes care of all bus routings in North County.

SANDY MESSETT, P.O. Box 3156, addressed the old Oceanside Police Department at 1617 Mission Avenue. Unless there is a problem with the gas in the tanks, which she did not believe there was, making use of that fuel for downtown vehicles would be better served. Also the building should be removed. She worked in it for 6 years, and it is not worth saving.

She then asked how much Camp Pendleton is paying into the sewer and what the City plans to do with the extra money allocated. She also wanted to know what the City is doing with the extra money from other projects that it receives contributions for.

Staff is asking Council to approve \$480,000 in miscellaneous parks projects before revealing what is going to be done with that money. This is a way to avoid the approval process. She requested this money be used to fight SDG&E. None of the Councilmembers attended the meeting last night with the Public Utility Commission (PUC) for the local businesses. There are people going out of business and moving to other cities because they cannot afford to keep the lights on, and there are rolling black outs.

Oceanside should put money aside to fight SDG&E and the \$241 base line for her with a small house. Residents might have to move because they can no longer afford their bills. Only the baseline is at \$.06½. She asked if the Councilmembers had looked at their bills. She encouraged Council to allocate money to fight this.

SUSIE COKER, 2126 Sorrento Drive, spoke regarding the Capital Improvements Program. Regarding thoroughfares, the \$2,085,000 budgeted for the Rancho Del Oro Interchange is a lot of money, and she would like to see it used for something worthwhile. That interchange has serious problems. If the interchange is built, it would provide El Camino Real and College Boulevard with only 10 to 20% relief, making the project not viable. The proposed interchange at Rancho Del Oro and Highway 78 is less than a mile from College Boulevard and less than a mile from El Camino Real. It would cause serious bottleneck problems on Highway 78, with cars weaving trying to get on at one ramp and off at another.

She asked Council to not use the \$2,085,000 for the Rancho Del Oro interchange. The City should re-evaluate the Circulation Plan. Use this money to help finish Highway 76 or help build the train line. The east-west train line is also planned for her neighborhood, but she supports it because it is mass transit. She does oppose this off ramp for commercial purposes, cutting up a neighborhood to go to El Corazon at the center of the City.. College Boulevard, El Camino Real and Oceanside Boulevard are all commercial roads, but Rancho Del Oro is a residential community. It is a community of 1,225 people that have paid for the landscaping on either side of the road for the past 10 years. If the off ramp is installed, the Circulation Element states that Rancho Del Oro will become 6 lanes, which will require the slopes to be removed and retaining walls to be added. This north-south corridor will become larger than College Boulevard and be comparable to El Camino Real. This neighborhood was built after the Circulation Plan was established.

She asked Council to please reconsider the interchange that would cut up her neighborhood. The residents do not mind the extension from Vista Way to Highway 76. They do not want the off ramp because it would bring outside interests into their

neighborhood. They expect to be a throughway for the City. The residents do not expect to have Highway 78 dumped into their neighborhood.

With no one else wishing to speak, Mayor Johnson closed public input.

COUNCILMEMBER FELLER thought that the extension of Rancho Del Oro to Mesa Drive was a \$3,000,000 project, but it is listed at \$7,700,000. He asked what all that entailed.

MR. WEISS stated that the City is doing opportunistic grading based on prior direction from Council to have the roadway graded. The grading should be complete later this year. Staff is in the process of designing the completed roadway improvements, which include sidewalks, street lights and landscaping improvements for the entire width. The original plan for \$3,500,000 was suggested to build the center 2 lanes. The money was coming from the City's thoroughfare account. For major thoroughfares the City collects funding for the center 2 lanes, and developers are obligated to pay for the frontage improvements, which include sidewalks, curbs, gutter and the first lane. With the additional \$3,500,000 from Federal funding, staff is designing for full width. Also, the Ocean Ranch developer is obligated to build a portion of the road, which will provide an additional \$800,000 to \$1,000,000. Rather than just building half of the roadway with the federal money, City money, some TransNet money and the developer money, the City should be able to build the full width improvement. This is why the amount is at the \$7,000,000.

COUNCILMEMBER FELLER asked if that part of Rancho Del Oro will be 4 or 6 lanes, and **MR. WEISS** replied it will be 4 lanes.

COUNCILMEMBER FELLER asked why the City would put 6 lanes through the other neighborhood.

MR. WEISS stated that the Circulation Element was modeled based on the land south of 78 if Rancho Del Oro Road, south of Highway 78, is extended into Carlsbad. That land is all general planned for commercial use. The Rancho Del Oro Road into Carlsbad Circulation Element is expected to extend south to connect to Marron Road, which would extend from College Boulevard to El Camino Real. With the development of that entire commercial piece, the SANDAG and Oceanside traffic models indicate that the volumes of traffic would require 6 lanes. However, it is highly unlikely that the property south of Highway 78 will ever fully develop as commercial property. In evaluating the Circulation Element, staff is negotiating with the consultants to remodel the current Transportation Model with the elimination of all that property as commercial. Some of those issues came out of the last scoping meeting. It is highly unlikely at this point that Rancho Del Oro would ever be 6 lanes. Staff will reevaluate and make recommendations to Council regarding the number of lanes.

COUNCILMEMBER FELLER asked if a 6-lane expansion would be required if the extension into Carlsbad is not completed.

MR. WEISS said that 6 lanes is not required with the interchange, nor is it required with the extension of Rancho Del Oro Road from Oceanside Boulevard to Mesa Drive. The only reason it would be required is because of the extension south and the full commercial development of that property.

COUNCILMEMBER SANCHEZ noticed on the proposed projects by program for thoroughfares that one thing was missing and, in early discussions she had about Highway 76 with Mr. Gallegos from Caltrans, how it was really meant to be a freeway. Money ran out so they were unable to buy the land to make ramps, which is why it is an Expressway. She asked for projections of costs to make the 76 Expressway into a real freeway within Oceanside.

MR. WEISS did not have the projections. He confirmed that the original intent was to be a freeway from I-5 to El Camino Real, then an expressway to North Santa Fe. Beyond that, it becomes a conventional highway. At this point in time, it would be very unlikely that the City could upgrade Highway 76 to a freeway. That would be a difficult

proposition because, instead of intersections, the City would have interchanges. Mr. Gallegos had estimated that 1 new interchange at I-5 and Highway 76 would cost between \$60,000,000 and \$100,000,000. Staff could track down what the estimates were and why the decisions were made. He does not have answers.

2. Geographic Information System (GIS) Presentation

GREG BLAKELY, Water Utilities Department, said that Talli Carey, the GIS Supervisor, would help him present an overview of the GIS program and to gain approval of a professional services agreement with EI Technologies of Parker, Colorado, in the amount of \$281,900 for a Geographic Information System data conversion program/services.

[Councilmember Feller left the dais at 3:11 P.M.]

This program will convert the existing AutoCAD information into a database. The existing system currently has about 240 drawings with more than 50 layers of information. The system has no associated database. With the conversion to GIS, the City will be able to convert information into a digitally formatted network that can ultimately be used within the Water Department and throughout the City. The program will create a database that can have different features attributed to it in the water and sewer infrastructure. An example would be that someone could query as to the amount of 8" pipe and the age and condition of the pipe.

[Councilmember Sanchez left the dais at 3:12 P.M.]

DEPUTY MAYOR HARDING stated that there was not a quorum on the dais. She asked Councilmembers to please come forward because they could not go forward without a quorum.

[Councilmember Sanchez returned to the dais at 3:12 P.M.]

COUNCILMEMBER SANCHEZ apologized. She had seen this presentation before.

MR. BLAKELY stated that staff had shortened the presentation considerably for this format. He turned it over to Talli Carey.

TALLI CAREY, GIS Supervisor, explained that the Water Utilities Department currently maintains base maps using AutoCAD software. The AutoCAD maps consist of over 240 drawings with more than 50 layers of information. The GIS conversion project will convert the existing AutoCAD drawings into a Geographic Information System. The resulting GIS will tie the maps to a database, making queries on the map possible, such as searching by street name, size, type or age of pipe.

Recently SANDAG conducted a survey on GIS software being used throughout the County by different agencies. The survey revealed that the majority of the GIS software is ArcInfo, ArcView and AutoCAD, which is what the Water Department proposes to use.

For history, in June 1999, the migration plan was developed. In June 2000, the Council approved the GIS program in the City's budget. In October 2000, an RFP (Request for Proposal) was sent out for the data conversion project. Today, with Council's concurrence, the Water Department hopes that the agreement will go forward, and this migration of data can proceed. It should be completed by May 2002. At that point, the Department should be able to populate the database.

GIS is a computer-based system for creating, storing, managing and modeling geographically controlled information. Basically, it is a map that shows what and where, plus it is a database that will allow users to find who, what, when, where and anything else entered into the database. GIS will allow staff to efficiently update and maintain maps, and share geographic data among the City staff and with neighboring jurisdictions. It can help local government manage, visualize, integrate, share, analyze and map data.

GIS integrates different types of data into one environment. For example, staff could add CAD drawings, building footprints, aerial photography, business information and ground photographs into one environment. Staff can use GIS to understand the interrelationships between water, sewer, street and other infrastructures. This information would help the City place future facilities at appropriate sites.

The Water Utilities Department will use GIS as a maintenance tool for water and sewer mains. It will allow staff to locate water and sewer mains by diameter, material type and age. Local governments use GIS to display and analyze a variety of demographic, environmental and natural resource data. It can be used for a variety of data.

The process for this project would entail converting AutoCAD data into a Geodatabase, creating accurate data, providing quality control methods, creating custom applications and providing on-going support.

COUNCILMEMBER FELLER asked if the GIS system could be easily converted for the rest of the City Departments to utilize, not just Water and Utilities.

MS. CAREY responded affirmatively. The system runs on a Microsoft NT server. This particular project will lay a foundation on that server, which is a geodatabase and which will be able to be utilized in the future by other departments.

DEPUTY MAYOR HARDING agreed with the Utilities Commission that the Water and Sewer Department has laid the whole foundation for the City. If the rest of the departments want to use it, they should pay their fair share, even though part of the reimbursement to the Water Department should be for a portion of the foundation.

COUNCILMEMBER SANCHEZ thought there was an understanding that each department that was interested in coming online would have to come up with their own database, so that would have a cost. However, this is a foundation, and there should be some sort of equitable distribution or breakdown of what each additional department should pay towards this cost to be on-line. The Utilities Commission thought this was a good idea. It is time to implement this program that will make research much easier.

COUNCILMEMBER McCAULEY agreed with the Utilities Commission as well. As other departments come online, the Water Department should be reimbursed for whatever proportionate share of the \$281,000. GIS is capable of so much. Satellite navigation is now handheld. This will allow the City to give better attention to maintenance and preventive measures as opposed to having to react in the future.

MS. CAREY confirmed that it would give staff the opportunity to query based on a specific piece of data, rather than looking at a map to figure it out. For example, the query would allow staff to find where all the pipes are throughout the City that are a certain age. With a paper map, staff has to read text and flip back and forth between various bits of information. With the GIS, staff would be able to quickly query and know immediately where those pipes are in the City.

COUNCILMEMBER McCAULEY moved approval of staff's recommendation [to approve the professional services agreement (Doc. No. 01-D306-1) with EI Technologies of Parker, Colorado].

COUNCILMEMBER SANCHEZ asked if any other departments have contacted the Water Department to be included in the beginning of this project. She understood that the Water Department met with other departments to find out their basic needs for this foundational program. She asked if any departments anticipated requesting this.

MS. CAREY said they have been looking at this for some time. At one time years ago, a committee performed a needs assessment that evaluated all that the Water Utilities Department could do with this program. Once it is in place, the other departments must decide what would be important for them to have in the database. The Department can tie their information to the database and map. For example, through communication with the Fire Department, she discovered that it is important for them to have accurate addresses.

COUNCILMEMBER SANCHEZ seconded the motion with the proviso that the City should try to get other departments to participate in this program. Also, the Department should determine the portion of how much each department should pay into this program.

DEPUTY MAYOR HARDING would vote for this motion, if it stated that the other departments would pay their fair share.

COUNCILMEMBER McCAULEY amended her motion to approve staff's recommendation with the addition that any department participating in this program would be required to pay a proportionate share.

COUNCILMEMBER SANCHEZ, as second, agreed.

Motion was approved 4-0, with Mayor Johnson absent.

2. **Planning Commission Vacancy and Appointment to fill unexpired term**

CITY CLERK BARBARA RIEGEL WAYNE reported that Council received a resignation letter from Phillip Akin, who served on the Planning Commission. Council interviewed Planning Commissioners on March 28. At that point, Council named their first and second choice. The first choice, Richard Parker, was appointed. Council's second choice at that meeting was Joan Bockman.

Since this is an unscheduled vacancy and Council expected this resignation letter, the City Clerk recommended that Council appoint their second choice, Joan Bockman, to fill the term for one year to complete Mr. Akin's appointment [term expiration – 4/15/02].

COUNCILMEMBER FELLER moved to approve the recommendation to appoint Joan Bockman to fill the vacancy on the Planning Commission.

COUNCILMEMBER SANCHEZ would be voting against this. Council's policy includes a statement about providing equal opportunity for all to serve. She appreciated Ms. Bockman's interest in serving the City, but she has served 2 terms [8 years], already. Councilmember Sanchez would like to see more people get the opportunity to assist and serve the City. In fact, she will be including an item on the agenda to consider term limits.

As the City continues to change and expand with new communities, the Commissions, especially Planning, need to have more diversified ideas. If the Planning Commission stays the same each year, the City could end up in a stagnant position. She reiterated that she appreciated Ms. Bockman's interest; however, such a powerful commission should be accessible to others.

COUNCILMEMBER McCAULEY stated that the issue of term limits was brought up a year ago, when Council reviewed the Commissions to standardize their bylaws.

This issue was brought up before and at that time, the recommendation from the City Clerk's office was to appoint the next person in line from the Planning Commission interviews. She was against it then, and her feelings have not changed. If an open position has an incumbent applying again, Council gets fewer applications. More applications will come in from those who are interested in serving on the Planning Commission if they are not vying for that position against an incumbent. The City should accept applications and go through the selection process again. Ms. Bockman would be able to maintain her application. Even though this term ends in just a year, the City needs to publicize it and open the process to everyone. She agreed with a lot of the reasons Councilmember Sanchez stated.

[Mayor Johnson arrived at 3:28 P.M.]

DEPUTY MAYOR HARDING asked the City Attorney, since the Mayor had just arrived, if it would be possible to catch him up and allow him to vote.

CITY ATTORNEY BENNETT stated that according to Council policy, the Mayor needed to resume his seat and preside over the meeting. After which, he may certainly get caught up on the current discussion.

MAYOR JOHNSON heard some of the dialog through the speakers in the building. He agreed with some of the comments made regarding the potential appointment. However, looking at the circumstances involved with the last appointment and the point system process that was established, he thought it appropriate to appoint the next highest point person to replace Mr. Akin.

COUNCILMEMBER FELLER is concerned that other Councilmembers thought that Council should have term limits as well. The comments made sound like running against an incumbent would prohibit people from applying.

He stated that everyone knew in advance that Mr. Akin would be resigning and ,had his letter arrived sooner, Council would have selected 2 Commissioners when they appointed the other Commissioner in March. The term at this point is only 10-11 months. Therefore, he did not think it necessary to go through the entire process. His motion stands.

COUNCILMEMBER SANCHEZ was only addressing the term limits of those serving on Boards, Commissions and Committees at this time. There is a difference between term limits on appointed positions and elected positions. Elections are by the people, and everyone has an equal chance at being elected for Mayor or Council. However, this is an appointment process. Some cities have elections for something like a Planning Commissioner, since they have such final authority. Unless there is an appeal, the Planning Commission's decisions stand. Council does not review their decisions unless by Council majority (in a call for review).

It is important for this Commission to have a feeling of what the residents of the City are looking at and to ask the questions. It is very difficult to come to a Planning Commission meeting and be educated about what the issues are. Only the high profile issues actually make it to the newspapers. It would not hurt the process to see if there are other people interested in applying. Let the people know this Council is looking for a broad based kind of response.

DEPUTY MAYOR HARDING seconded the motion. She would be voting to place the second choice person to the Planning Commission, particularly since it is an 8-9 month term. There is not a planning commission that could come up to speed in that time.

COUNCILMEMBER McCAULEY clarified that a better way to say "running against an incumbent" would have been competing with an incumbent in the selection process.

She was not here during the last selection process, but Council had serious concerns about whether or not the point system was a good way to appoint Commissioners. During the retreat, Council devised and accepted a new method for appointing Planning Commissioners. Even though the opening is only for 10 months, she felt very strongly that they should follow through with the selection process Council agreed upon. By not opening up the process, Council would create the possibility of eliminating potential applicants.

COUNCILMEMBER FELLER asked City Clerk Wayne how many seats were available next year.

CITY CLERK WAYNE stated that on April 15, 2002, there would be 3 terms expiring, including the positions of Robert Schafer, Nancy Chadwick and whoever is appointed to fill Mr. Akin's position.

COUNCILMEMBER FELLER pointed out that the Planning Commission changed drastically just 3 years ago. He applied and did not make it. He does not think the face of the Planning Commission is constant.

May 23, 2001 – 2:00 P.M.

Council Workshop Minutes

COUNCILMEMBER McCAULEY commented that incumbents might apply for those seats that are opening in April. Some people would not apply because they would be going through the selection process against an incumbent.

COUNCILMEMBER SANCHEZ clarified that she is against the impression Council is giving to the public. It is important to give the impression that Council is sensitive and cognizant of the rights of residents to have an equal opportunity to serve on Commissions.

Motion was **approved 3-2**, with Councilmembers McCauley and Sanchez voting no.

ADJOURNMENT

MAYOR JOHNSON adjourned this meeting of the Oceanside City Council at 3:40 PM, May 23, 2001 to the June 6, 2001, 10:00 AM Mayor and Council Study Session.

ACCEPTED BY COUNCIL:

Barbara Riegel Wayne, CMC
City Clerk, City of Oceanside

NOT OFFICIAL
UNTIL APPROVED BY SUBSEQUENT
MEETING BY CITY COUNCIL



California

CITY OF OCEANSIDE

MINUTES OF THE

CITY COUNCIL

June 27, 2001

ADJOURNED MEETING 2:00 PM COUNCIL CHAMBERS

Mayor

Terry Johnson

Deputy Mayor

Betty Harding

Councilmembers

Jack Feller
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 Deputy Mayor Harding at 2 PM, June 27, 2001, for the purpose of a workshop. The Pledge of Allegiance was led by Councilmember Esther Sanchez.

ROLL CALL

Present were Deputy Mayor Harding and Councilmembers Feller, McCauley and Sanchez. Mayor Johnson was absent [arrived at 2:11 PM]. Also present were Assistant City Clerk Charles Hughes, City Manager Steve Jepsen and City Attorney Duane Bennett.

WORKSHOP ITEM

1. **Presentation by SANDAG on REGION 2020 and smart growth**

GERALD GILBERT, Planning Director, reviewed that staff has been working with the San Diego Association of Governments (SANDAG) on Region 2020, which is a growth management strategy. As part of the process in developing the strategy, SANDAG is approaching each of the local jurisdictions and conducting workshops with local officials to provide a program update. He introduced Mike McLaughlin and Carolina Gregor, both with SANDAG, and Dave Nielson, who is a consultant working on the strategy.

MIKE McLAUGHLIN, SANDAG Director of Land Use, reported that SANDAG has made growth as well as growth management one of its top priorities, and part of that effort is the Region 2020 plan. Within that strategy they provided a regional framework for local actions. He reminded Council that SANDAG does not have land use authority, so they do not issue permits or regulate. They count on the local jurisdictions acting collectively to implement these kinds of regional plans. They have begun discussion with Oceanside staff on this issue, and would like to continue that discussion with Council in this workshop to get Council's input, observations, comments and suggestions on the next steps that SANDAG and Oceanside can take together. Their goal is to identify the kinds of commitments that each jurisdiction can make toward implementing Region 2020 and the kinds of resources that SANDAG can provide to assist the cities with that.

Having completed about 1/3 of these workshops, he noted that the enthusiasm has been rather surprising and supportive. Two things they have learned along the way is to better address the issues of equity and education; however, the elements deal with these issues as components within each element. One example is equity in housing in terms of affordability and greater choices of housing. These items should be pulled out as stand-alone, separate items so that they get more attention and focus.

They are pointing towards a regional summit on November 9 to discuss regional growth. All 99 elected officials are invited to attend, and they will share the results of these workshops with all 19 jurisdictions. They will identify the kinds of commitments that each jurisdiction tentatively committed to as a result of these workshops. SANDAG is also reviewing what other entities can do since it is not just a public agency responsibility. Individuals, other public agencies, the business community, the education community and the environmental communities also need to commit to this. Carolina Gregor, Project Manager, will provide a brief overview on Region 2020.

CAROLINA GREGOR, SANDAG Associate Regional Planner, stated her presentation is divided into 3 main areas: What is Region 2020, the 20 year regional growth projections and examples of Smart Growth tailored to the City of Oceanside.

Wonderful weather, beautiful beaches, a diverse natural environment and a strong economy make living in the San Diego Region great, but everyone needs to plan to maintain the quality of life into the future as the area grows. In growth forecasts, SANDAG projects that over the next 20 years the San Diego Region will add a little under 1,000,000 new people to the region and over 300,000 new jobs. Much of the growth will be due to natural increase, meaning the growth of current residents' own children and grandchildren. Given that the region is growing, SANDAG has developed a regional growth management strategy named Region 2020.

Region 2020 has 5 areas of emphasis that are of equal importance, interdependent and based on smart growth. They include:

- Economic prosperity, where the goal is to ensure a rising standard of living for all of the region's residents. SANDAG has a regional economic prosperity strategy that will help achieve that goal.
- Transportation, where the goal is to provide additional transportation choices for the region's residents.
- Environment and open space, where the goal is to protect the environment, reduce pollution, protect open spaces and reduce urban sprawl.
- Housing, where the goal is to provide more housing and more housing choices and pay closer attention to where houses are located in relation to jobs and transportation systems.
- Fiscal reform, where the goal is to allow for a more equitable distribution of local property tax revenues to local jurisdictions.

Again, the foundation of the strategy is smart growth, which she will detail in a moment. A slide showed how the region's growth rates compared to other areas in Southern California and throughout the nation. Over the past 10 years, based on the most recent census data, the San Diego region grew at 1.2% per year compared to 1.7% for Orange County, 2.8% for Riverside County, 2.7% for the Imperial Valley, 5% for Tijuana and 4% for Tecate. Even though the San Diego Region grew over the past decade, surrounding areas grew faster, which needs to be considered. Compared to other areas across the nation, San Diego grew at about the same rate as the Minneapolis/St. Paul area. The Portland and Houston areas grew about twice as fast as the San Diego Region.

Since the area is growing, it is important to determine if the region can meet its future housing needs, and, if so, what the best way to do that is. In reviewing the most recent trends, the region is not meeting that need. In fact, since 1995, only one new home was built for every 5 new residents who were added to the region. This number is only about half of the housing units that the area should be building to meet the demand.

Looking to the future in a different way, SANDAG thinks the area will need about 365,000 new homes by 2020. Looking collectively at all the general plans and policies, the region only has capacity for 260,000 homes. That is a 100,000-unit shortfall in the region over the next 20-year period. Through the Regional Growth Management Strategy, they are attempting to address that in a way that meets all needs.

One approach to this is Smart Growth, which is not a total solution to all of the region's problems, but it is one approach to help the region address these challenges. The

SANDAG board has adopted a definition that is constituted by 3 bullet points. Essentially, they are trying to limit the urban sprawl and at the same time to improve existing neighborhoods. In areas that are newly developed, the plan is to implement Smart Growth principles, which are more walkable, transit-friendly, and with the most efficient use of the land.

Another slide illustrated the distribution of new homes under existing policies vs. smart growth policies. Under smart growth policies there is a substantial savings of land that amounts to about 400,000 acres. This acreage savings is equivalent to about 68 cities the size of National City, 16 cities the size of Poway, 15 cities the size of Oceanside or the size of 2 entire cities of San Diego by how they choose to distribute those new homes in the region.

SANDAG worked on developing a number of Smart Growth principles. All of the slides are from within the region as local examples. The first principle is land use and urban design. The idea is to focus most new growth in the existing communities either through redevelopment or infill opportunities. Some nice examples of that exist throughout the region, including a mixture of uses with commercial and retail on the bottom floor and with residential on the top floors. They place an emphasis on the land use and urban design component with walkability and accessibility to transit.

The next principle deals with travel choices. Providing more travel choices/alternatives to residents means more than just building new roads and freeways. For example, the region should have more bus, trolley and Coaster services, as well as additional bike and carpool lanes and other transportation demand management programs. Central to the public transit opportunities is the ability to easily walk to the different places. Without an emphasis on these issues, the region is limiting opportunities to maximize investments in public transit.

The next principle deals with jobs and housing. The region should better integrate jobs and housing. The slides represented some instances where people can walk to where they work or take public transit. This reduces the need to get on the freeway, which reduces the congestion and improves opportunity for carpooling.

The next principle deals with housing choices. The region has a lot of construction of single-family homes, but the last census shows changing demographics in the region. There are many different types of households where single-family units are not the best type of housing unit for a lot of area families. There should be a provision of different types of housing and more choices of housing units in the urban areas. Good examples already exist in the urbanized areas. Some homes are affordable or subsidized and others are market rate.

The next principle involves neighborhood amenities. The region needs to provide public facilities, especially if the focus is on growth in existing neighborhoods and areas.

The next principle is environment. Smart growth is consistent with protecting the environment. Reducing development in the unincorporated rural areas will help protect the air and water quality, as well as provide those recreational opportunities.

The final principle deals with local and regional consistency. There are 18 cities in the region, the County of San Diego, SANDAG, Port District, Air Pollution Control Board, CalTrans and many other agencies. Part of what they need to do is make sure that all plans and policies are consistent and going in the same direction. At the local level, the plans, ordinances and design standards are incorporating many of these principles into those documents.

One way of implementing smart growth is by rewarding it. SANDAG has developed a menu of different resources and incentives at local, regional, State and Federal levels. By providing those resources and incentives, they are hopeful that more of this will occur.

SANDAG has also been working with local jurisdictions to identify focus areas where the smart growth concepts make sense. It will help implement the strategy if they

can identify those areas and funnel resources to them. Hopefully, all of this will discourage dumb growth, i.e., development that makes people depend on the automobile, development that separates land uses and development that does not encourage walkability, the use of transit or biking opportunities.

There are examples and opportunities of Smart Growth within the region. Sorrento Mesa has a nice example of a jobs/housing mix. Otay Ranch in Chula Vista is an example of the smart growth principles in a newly developing area. Transit was incorporated into the project since the earliest stages of development. Another example is in the City of La Mesa where trolley access is immediately adjacent to housing. This provides people with the ability to utilize the public transit trolley. Imperial Beach has a mixed-use project, with retail and commercial on the bottom and housing and offices on the top, across from the beach and a bus stop. In Poway, an affordable housing project is within walking distance from the community library, schools, jobs and services. It is a really nice integration of different uses within the City. The downtown area of Escondido represents an opportunity for Smart Growth since it is already designated in their general plan for a mixture of uses.

Oceanside's City Hall is a great example since it is in the middle of downtown, within walking distance of the multi-modal transit center. There is a mixed-use project coming online soon, as well as the development of the new row homes. This is a nice integration of different uses of land. The Little Italy area in downtown San Diego has undergone major revitalization in the last couple of years. It now provides direct pedestrian access to transit and to jobs.

Smart Growth examples that exist in Oceanside include the Transit Center, which serves as the hub of Oceanside's transit-oriented development zone. It provides bus, Coaster and Amtrak services and regional connections to the Los Angeles Metro Link light rail system. The OceanPlace mixed-use entertainment center is located a block from the Transit Center. Phase 1 includes a theater, restaurant and retail space. Phase 2 will add housing and an additional restaurant. Oceanside's redevelopment policies encourage mixed-use, walkability and parking reductions in this area.

These specific village row homes in Oceanside are market-rate homes at densities of 17 homes per acre. They are a great example of infill development, located in the downtown area close to the Civic Center, the Coaster, buses and shops. The Morro Hills Village in northeastern Oceanside is a master plan community incorporating many of the smart growth principles. More than 50% of the 1,000-home community is dedicated open space. Homes are connected to parks, schools, stores and transit by a series of pedestrian trails. SANDAG and Oceanside staff have identified those examples as representing Smart Growth in Oceanside.

If the region proceeds with Smart Growth as a region, they would see a variety of benefits resulting in the more livable and walkable communities. Smart Growth means more choices about where to live, where to work and how to travel around the region.

SANDAG would like to discuss with Council how more smart growth could be implemented locally and what types of commitments could be made by Oceanside. Council could also review the Region 2020 resolution of support or any other items they would prefer to discuss.

MR. GILBERT added that Oceanside has embarked on several programs that fall in line with the Smart Growth strategy since this has been developed. A Zoning ad-hoc committee is being introduced to the mixed-use concept and is looking at changing some of the rules and regulations in dealing with residential units and the housing types. In addition, staff is identifying needs and sites for inclusionary housing through the Inclusionary Ad-hoc Committee. Oceanside recently received a CalTrans grant to further investigate Transit Overlay Districts (TOD). The City currently has a grant that was awarded by the Air Pollution Control District (APCD) to evaluate an east-west rail line and an additional grant that will enable the City to complete that study, as well as the north-south rail line.

Oceanside is looking at true transit-oriented development, increasing densities,

concentrating activity nodes, and other traditional growth management strategies. The City also just received a walkable communities grant to evaluate the walkability of the downtown area with the eventual connections to transportation nodes. Oceanside is doing a lot that falls in line with this strategy. A lot of it is land-use based, which is the beginning for future development to come in.

COUNCILMEMBER FELLER thought this plan looked primarily residential-based. He asked about the capacity of commercial and industrial being taken over by urban growth.

MR. GILBERT explained that the City has commercial areas that are under-utilized. Staff is assessing opportunities to come up with 21st century-type of development proposals, such as mixed-use concepts. Not only will this provide housing opportunities, but staff also believes it will invigorate the commercial areas. The city needs to put people close to commercial areas so they can utilize them.

In relationship to the TOD, the rail lines are a jewels. With the concept of looking at land uses along those lines, one of the major thrusts of the growth management strategy is to put jobs close to transportation corridors. That would be the beginning of evaluating their industrial areas and where to put housing. The plan addresses residential growth, but it also embraces economic growth. In this community, residential is, in fact, intertwined with economic/industrial growth.

DEPUTY MAYOR HARDING agreed that they have to get into public transportation. The problem is that because funding is so difficult to obtain, the City is not able to run trains or buses at a schedule that allows people to use them successfully. Many of the Oceanside bus routes have 1- to 1½-hour intervals. For example, for a person who works at 7:00 AM aboard Camp Pendleton, they have to be up by 3:00 AM.

In building residences and businesses along transportation corridors, they also have to address getting public transportation at 20-minute intervals maximum so that people can use it. Actually, the train system, the Coaster and all public transportation around the country is losing ground; the increase in its use is not keeping up with the increase in population. The Coaster schedule will not allow a person to successfully travel to San Diego.

Not many more trains will be able to run on the north-south line until double tracks are installed, which is a long process. This needs to be taken into consideration as these facilities are designed throughout the region. Drawing people to the transportation hubs will not do any good unless it is comfortable enough for them to move quickly from there. For example, the east-west line, which is almost totally funded, will be running every 20-25 minutes 12 hours a day. Will the City have enough money to get the people to the train from wherever they live in Oceanside? Will the bus system operate often enough to get them there? She serves on the North County Transit District (NCTD), and this is a large puzzle that needs to be considered.

COUNCILMEMBER McCAULEY mentioned that fiscal reform was not addressed in the strategies discussion. SANDAG's proposal for fiscal reform was a switch out of property taxes and sales taxes. She asked the status of this issue, whether it is currently in limbo or is moving forward.

MR. McLAUGHLIN reported that some progress has been made. SANDAG is continuing to work to get endorsements from 2 key agencies in the region in an effort to have a unified front. Given what is happening with the electricity issue, once again local governments are going to be faced with the challenge of how the State balances its budget. There may be some opportunity to resurface fiscal reform in an effort to convince Sacramento that it is time for them to address that issue.

COUNCILMEMBER McCAULEY thought the League did not jump in the way she had hoped they would. It might be timely to re-introduce this issue to the League. She supports SANDAG's proposal for fiscal reform because it deals with secured monies and with smart growth and smart planning. Sales tax is one of the City's major streams of

revenue. If the City did not have to depend on that, they could be more creative with housing.

She understands that transportation is not convenient during all hours of the day. As the region moves forward with some of these clusters of higher density housing on transportation corridors, it might be time to start looking into some other creative means of transportation. For example, carpooling or vanpooling is more palatable when picking up a large number of people from one destination and transporting them to the same general vicinity. SANDAG needs to look into that opportunity as the region goes forward with this type of growth.

MR. McLAUGHLIN responded that is a specific area where SANDAG would like to provide more proactive marketing leadership to increase the number of carpools and vanpools. The number of people who carpooled in the last year equaled the carrying capacity of one lane of freeway from Oceanside to National City.

They cannot solve congestion with a single bullet; they need to tap every possible program and aspect. This is an important component, and SANDAG plans to make it an even stronger component of their strategy.

DEPUTY MAYOR HARDING suggested a unified effort to work with businesses, such as IDEC so that, if the City builds housing close to transportation hubs, the businesses should share the costs of bringing shuttles to that transportation hub to get people to work. Carlsbad has done this to a small degree, but it really needs a unified effort on a regional area so there would be incentives for businesses to do this with good publicity. The cities should do more partnerships with businesses to provide shuttles or split the cost of a shuttle. Maybe the transit districts could provide the other costs. That is another means of transportation. Also, they should consider bus lanes down the center of the freeways that are nonstop.

MR. McLAUGHLIN replied that SANDAG had some success with business community participation in this effort. They should engage with Oceanside to discuss specific carpool and vanpool examples in the future.

COUNCILMEMBER McCAULEY suggested another important element is to develop housing in conjunction with employment. Oceanside does not have many opportunities to do that, but city that does should look seriously into that because it would take people off the roads altogether.

Public Input

SHELLY HAYES CARON, P.O. Box 1502, Carlsbad, reviewed that SANDAG's presentation mentioned environmental open space and the protection of open spaces, air and water. She understood that SANDAG and the County Parks are involved in an acquisition of approximately 133 acres along a corridor on SR-78 for riparian habitat. It is also the water source for the Buena Vista Creek, with the El Salto Falls waterfall upstream.

This location is also the site for the proposed Rancho Del Oro intersection. According to Federal Highways and the State Historic Preservation Office, all current alternatives have adverse affects to some of the wetland areas and the cultural resources, which include the Marron-Hayes Adobe district. This area is highly controversial because of the impacts of this project. SANDAG and County Parks are very interested in the preservation of this area for future parkland. She would like to see alternatives to this project implemented before proceeding with funding for this. Other communities have other issues with this project, but her concerns are the preservation of the environment, the wetlands and the endangered species.

This area has archaeology and paleontology resources. Also an area was recorded in 1769 by Portolla to be an Indian village. They have communication from California Indian Legal Services stating that the El Salto Waterfall has been designated as a sacred site to the Indians. Last year, another Indian site approximately 400 by 200 feet was recorded in the valley as being older than the archaeological find they discovered during this project

review. She recommended discussion on this issue for future funding.

TOM BUGGIE, 4840 Cardiff Bay Drive, commented on the interchange at Highway 78 and I-5. He went to the CalTrans presentation last week and was surprised that they do not have any improvements planned, other than adding lanes.

At the interchange at I-5 and SR-78, a double fly over bridge is needed to go between the 2 roads. A double fly over bridge is suggested because there should be a separate bridge provided for carpool lanes and for people who need to get out of the carpool lane to exit. For example, the northbound traffic would have to cross over 5 lanes to get into the exit lanes. Once on SR-78, they would have to quickly cross lanes to the left to enter the carpool lanes there. A double flyover should be included in the plans. The stop light that is currently there barely works now and will not work 20 years from now.

MAYOR JOHNSON asked Mr. Gilbert to meet with Mr. Buggie after the meeting to discuss what will happen at that interchange over the next 20 years.

Discussion

COUNCILMEMBER SANCHEZ remarked that Ms. Caron brought up an important point that, in order to begin using some of these concepts, many cities will have to update their general plans and the various elements, such as roads on Carlsbad's Transportation Element that have no place to go. During planning discussions and with expensive Environmental Impact Report (EIR) projects, she noted that without these updates the City will not know what to plan for. In order to get everyone in line, each city must update their general plan, specifically the transportation and housing elements. She asked how North County is in relation to the San Diego area in updated plans.

MR. McLAUGHLIN responded that it varies by jurisdiction. For example, the City of San Diego is undergoing a major update of its plan right now, calling it the Strategic Framework Element of their General Plan. Many are familiar with the County of San Diego doing its General Plan 2020. There are a number of other jurisdictions that have either just completed their updates or are about to embark upon an update of their general plan. Chula Vista is an example of this. It is more challenging when all 19 jurisdictions are on different time frames, although there may be an opportunity to work within those time frames using components of the strategy. For example, they can use the transportation system and the regional arterial system as interim steps between the general plan processes. As already indicated, they are expensive, and jurisdictions cannot afford to compose these plans every other year.

There are ways to work towards amendments or modifications to existing elements, in between those major efforts, to make them more proactive. The next round with the regional transportation plan should have a significantly different look and feel from a transit perspective, as well as from an arterial perspective. SANDAG will have the opportunity to identify issues and problems, then make proposals for resolving them and tying in funding sources to ensure those things happen. Some discussion has occurred to enhance the transportation projects specifically related to the region.

COUNCILMEMBER SANCHEZ inquired if SANDAG anticipates some cities implementing some or all of the SANDAG Smart Growth concepts to serve as examples for the other cities. If so, she asked which cities are seriously being considered as the initial testers to determine how this will work.

MR. McLAUGHLIN indicated that out of the 1/3 jurisdictions that SANDAG has met with, California State University at San Marcos in San Marcos, is taking leadership as a Smart Growth area for North County. Additionally, *the city of villages* concept at the City of San Diego is consistent. Chula Vista has made redevelopment commitments along with newer developing areas where these concepts can be a little more challenging due to the tension between low-density sprawl and what people want. The Smart Growth concepts were built into those areas.

SANDAG holds Oceanside as a Smart Growth leader because of the work with the

2 rail corridors and the downtown development. SANDAG hopes to have a list of commitments for every jurisdiction by November. However, they may not be as substantial as Oceanside's commitments will be, because he is sure that Oceanside's list of commitments will be substantial and invigorating. This is not a one-year program. SANDAG will work at this until the region has a solid way to manage its growth and protect the quality of all the neighborhoods.

Regarding transportation, **DEPUTY MAYOR HARDING** felt they would have to wait to see what will happen with the Regional Government Efficiency Commission (RGEC) because that will make a great deal of difference for regional and non-regional planning. One way the region is looking at preserving the environment is through the Multiple Habitat Conservation Program (MHCP). If and how this will be funded will make a great difference on the environment.

She has been trying to get Council to update the general plan for 6 years, but the City cannot afford it right now. It is very expensive. However, Oceanside has been good at updating the different elements, which make up most of the general plan. Land use is the big job. The City needs to start tracking re-zoning. The growth is coming, so Oceanside can either prepare to manage it well or poorly. The City needs to look at a lot more re-zoning for higher density, particularly in downtown.

In order to rezone certain areas along transportation corridors in Oceanside, they will have to relocate a lot of industrial businesses that have been there for a very long time. If the City waits to do all this, it will be too late to get developers in to start over. The amount of housing close enough to the rail line for people to reach their jobs, as well as to reach the college, will also make a great difference in whether or not the east-west line is successful. Adding a loop to North County Fair would be a good commercial advantage.

It is important for the City to begin reviewing different areas, through the Planning Commission, to determine how to re-zone certain sections to give the current businesses abatement time. This would give the businesses already located there enough time to move their businesses into the areas that are zoned to handle them.

COUNCILMEMBER McCAULEY agreed with Deputy Mayor Harding. Oceanside has been receptive to raising the densities in certain areas of the City. One effort to maintain or create open space is to build up instead of out. The only way the City is going to have the capability to create any more open spaces is to build up instead of out. The City should consider this option more aggressively. Even without the east-west rail line currently functional and without the Coaster being the most convenient mode of transportation, other creative modes of transportation still exist that the City could pressure to get into effect, such as vanpooling, etc., which would continue to work even after the rail lines are up and running. The bus lines may or may not become more efficient.

The City cannot wait for that to happen with mass transportation. The City should aggressively go to the various businesses and to NCTD to get these smaller modes of transportation operable because Oceanside has to meet the housing needs by building up instead of out. Oceanside still has the option of a few planned communities that would be close to employment. In order to tap into that luxury, the pressure is mounting to build higher density in these areas.

MAYOR JOHNSON explained this item is informational only. He thanked the SANDAG representatives for their presentation of the Region 2020 plan. This resolution would be brought up at a later agenda meeting for discussion and action by Council.

In closing, **MR. McLAUGHLIN** was encouraged by the discussion and looked forward to the list of commitments along with the City's letter of resolution.

2. Discussion concerning home care provider regulations

LIEUTENANT REGGIE GRIGSBY, Oceanside Police Department (OPD), introduced Sergeant Paul Simpson, an investigative sergeant supervisor in the property crimes section. He apologized for not having the complete information as he just recently

assumed this position. They wish to provide reasons to the Council why an ordinance requiring licensing of in-home healthcare providers would be beneficial to the senior community and the City at large. The City is currently experiencing some problems in the area of elder abuse. These problems usually manifest themselves when a senior is incapable of comprehending what is transpiring with them or when they are the victims of a breach of fiduciary trust or other inappropriate actions by their care provider.

There are currently 2 levels of care providing. One level includes healthcare providers who are licensed and regulated by the State and Federal governments. These are usually the larger corporate providers that typically obtain employees from a pool of people who have been qualified through medical certification and have undergone some sort of background check.

The other type of care that is provided is non-health homecare. These types of providers tend to provide aid such as banking, bathing, preparing meals, etc. Because this type of care is unregulated, there have been instances of elder abuse. There are no requirements or State laws for people to provide non-health homecare.

OPD is seeking a licensing process for those persons who provide non-health care, which means they would have to undergo a criminal background check by the State of California and a local criminal background check by OPD prior to being licensed. Staff recommends that the ordinance would afford the police the jurisdiction to take appropriate action to remedy those instances of elder abuse.

DEPUTY MAYOR HARDING thanked Councilmember McCauley for bringing this issue to Council. When she and the Mayor were in Sacramento, they talked to Assemblymember Bates, who is putting a bill through the assembly regarding this issue, but it will only affect people on MediCal, which does not include the majority of seniors. This is an excellent idea. She was happy to see many healthcare providers and members of the Senior Commission present.

COUNCILMEMBER McCAULEY believed City Attorney Bennett had additional information regarding this issue. She hoped the healthcare organizations would also have input into what the needs are. She was amazed at the amount of elder abuse that occurs not with the legitimate healthcare providing companies but by the companies that come and go. It happens often here in Oceanside and according to District Attorney Paul Greenwood, it happens often countywide. It is not specific to Oceanside. She is happy to see this coming forward.

COUNCILMEMBER SANCHEZ recognized that Lieutenant Grigsby had only been on this job a couple of days and that he would provide the information, possibly in a pass-through memo. In reviewing the report, it says there were 317 complaints in 2000 and 178 complaints to date in 2001. It also states that only 31 cases were probably prosecuted in 1999, and for 2000 there were 24. She asked what the ordinance would do to these numbers. A lot of complaints were reported but did not progress to the level of prosecution.

LIEUTENANT GRIGSBY responded that the person who receives the complaints is not sure whether or not they do rise to a level of prosecution. Often, the information OPD receives is informational only because they do not have the opportunity to investigate those cases. It is more accurate to say that there has not been an actual prosecution or investigation undertaken because they do not know if they rise to a level of prosecution. The Police look for patterns of a particular person or provider or service showing up in multiple complaints, etc.

COUNCILMEMBER SANCHEZ asked if, once the police receive the complaint, there is a referral system for those cases that do not escalate to the District Attorney's (DA's) office.

LIEUTENANT GRIGSBY confirmed that they do, and Sergeant Simpson can explain.

SERGEANT PAUL SIMPSON stated that all criminal complaints are also cross-

reported to adult protective services. Those numbers overlap. It is important to note that there is a wide gap between the number of complaints and the actual number of investigations that the police undertook; that is the gap they are trying to close.

COUNCILMEMBER SANCHEZ asked if that effort is accomplished by a unit of officers assigned to this.

SERGEANT SIMPSON responded that he currently supervises an investigation unit, which is the family protection unit. There is one investigator assigned solely to elder abuse investigations.

COUNCILMEMBER SANCHEZ assumed that the investigator was overworked. She re-read the report showing the number of complaints compared to the number that were referred to the DA's office and inquired if there was a plan to add someone else to that area to close the gap between the complaints and those investigated.

LIEUTENANT GRIGSBY clarified that 24 is the number of cases within Oceanside. Chief Poehlman has requested additional personnel – a supervisor and an additional investigator in the family services unit in his supplementary budget. This additional personnel will encompass the elder abuse investigator. Staff is currently assigned to that position, but they are looking to enhance their ability to better deal with this issue.

COUNCILMEMBER McCAULEY clarified that the gap is being addressed. In many cases the Police cannot locate the suspect to reach the point of prosecution. There could be a legitimate complaint, but the suspect is not apprehended to prosecute. The ordinance that the City Attorney will be reviewing will give Chief Poehlman and the Department an opportunity to create these positions in an effort to have more teeth in these cases, at least through a licensing or registry-type process.

MAYOR JOHNSON recalled a workshop given at the Senior Citizens Center about 4 months ago that was held by Assemblymember Bates, and the topic of discussion was elder abuse. She spoke about a bill that she was helping to create into law. Additionally, Assemblymember Charlene Zettel from Poway has a bill addressing some of the issues being discussed. He did not ask Assemblymember Bates why her bill only addressed those on MediCal. He asked if MediCal is the only difference between what the City is looking to do and the proposed State legislation.

LIEUTENANT GRIGSBY indicated that his understanding was that the legislation being proposed by Assemblymember Bates deals specifically with MediCal patients. Some of the City's elder abuse victims may or may not be on MediCal. OPD is attempting to close the gap between the complaints reported and those prosecuted.

As previously mentioned, when the Department receives complaints, they are against non-health care providers working under false names with no contact information. The City had one instance of a homicide by someone who was supposed to be assisting an elderly person with non-health homecare. There is a lot of work ahead for the Police Department in this regard.

MAYOR JOHNSON is supportive of what the City is seeking to do, especially after attending the workshop by Assemblymember Bates. He asked if anyone had asked Assemblymember Bates why she is seeking a bill that only covers those under MediCal.

LIEUTENANT GRIGSBY and **SERGEANT SIMPSON** were not aware if anyone had spoken to her.

DEPUTY MAYOR HARDING spoke with Assemblymember Bates' Chief of Staff, who explained that she felt this was the best way to get the bill through because there is opposition to this. Sometimes people want to hire whomever they want, so some do oppose this.

COUNCILMEMBER McCAULEY had also spoken with staff from Assemblymember Bates' office who are very interested in this as well. By law, the City can produce an

ordinance that is stronger or stricter than a State ordinance, but the City cannot produce an ordinance that is weaker than a State or Federal ordinance. This gives the City the capability of filling that gap, as already mentioned. A City ordinance is something that can happen more quickly and more thoroughly than the State bill.

Regarding the proposed ordinance, **CITY ATTORNEY BENNETT** commented that there is no pattern to draft this ordinance so that the City would be on the cutting edge. For the purpose of creating a draft pattern, he decided to use the ordinance for card room registration. This is not to equate the 2 issues, but the point is similar and can be established under the City Code. He does not subscribe to an ordinance that would certify homecare providers, because certification implies that these individuals are somehow approved or ratified, but the City cannot confirm that. A person may pass a background check but still be someone who would abuse an elderly member of society. Council could draft an ordinance that would afford registration of people who provide homecare in Oceanside. There is no legislation that says the City could not do it.

It is important to note that the registration requirements would apply to personal caregivers, in-house services, board and care facilities, assisted-living facilities, skilled nursing facilities and homecare agencies. This is a broad band of individuals and facilities. There would have to be some provision of facilities to place the burden on employers to register employees pursuant to the direction of the Chief of Police. There would also be a fee involved that would be approximately \$75 per individual.

Council should consider that some members of the community may not want this type of registration because they believe it could deter a qualified person from providing homecare because they do not want to pay the registration fee or undergo the background investigation for whatever reason.

The ordinance would not apply to individuals or providers who are otherwise licensed through a Federal, State or County agency. Council must exempt people such as doctors, who under the definition could be considered homecare providers who are licensed to provide care to people. The City would not want to require them to register or go through a background check.

The registration as staff discussed would be required every 2 years, but Council could change that requirement to every year. However, annual registration could be onerous on OPD and on individual caregivers. The discussion he had with OPD centered on a registration requirement that would probably be updated every 2 years, but that is open for discussion. Violators would be subject to misdemeanor prosecution. The City would hope to not have a lot of violators because Council would have to bring those to prosecution.

Registration would only allow the City to get some type of information as to a person's background. It would not certify that a person would not abuse an elder person. The City would have to create some type of licensing card to give to people once they passed the background and were registered with the City as homecare providers. It would not take him very long to draft an ordinance if Council gave that direction. Council may want to consider the parameters discussed or modify them. Council needs to hear from the public and the people who give this type of care because they may have concerns the City has not considered and needs to.

COUNCILMEMBER SANCHEZ asked if the information collected about the people would remain with the Police Department to respect privacy and confidentiality, and **CITY ATTORNEY BENNETT** confirmed that was correct.

COUNCILMEMBER SANCHEZ asked what the licensing criteria would be. For example, if a person had a petty theft years ago, would that disqualify him/her from being licensed and would expungement be recognized.

CITY ATTORNEY BENNETT said anything that under law that would clear a person's record would be recognized. If there was a notation of expungement or a person was declared factually innocent pursuant to the penal code, the City would be bound by

that because the law says regardless of a person's record, if he/she has been declared factually innocent by a judge or agency, the City is bound by that. He asked Sergeant Simpson to answer the question regarding what would qualify a person to pass or not pass the background check, particularly from the petty theft standpoint. Staff had discussed the fact that they would have to apply similar criteria to what is used now when approving people for background checks.

SERGEANT SIMPSON referred to the current cardroom ordinance, which has 5 provisions that would deny a card dealer work permit. Some would apply to the homecare providers, and some obviously would not. These are the current parameters for card rooms under the Oceanside City Code:

1. If the applicant has been convicted of any crime punishable as a felony
2. If the applicant has been convicted of an offense involving dishonesty
3. If the applicant has engaged in bookmaking, loan sharking or other illegal gambling - This would probably not apply to homecare providers.
4. If the applicant is not a person of good character, integrity or honesty - This is certainly subject to interpretation.
5. If the applicant has knowingly made a false statement of material facts in the application or as a part of the application process.

LIEUTENANT GRIGSBY said that a 12-year-old petty theft conviction by itself would not necessarily be disqualifying. There are people working in card rooms that had convictions for such offenses from years ago. The Police Department looks at the totality of the circumstances surrounding an incident and what that person has done since then. If they have been living as responsible adults and contributing to society, then they most likely would be granted a license, but the police may require more frequent check-ups with such individuals, such as a 1-year license with the stipulation that after 6 months they would return for a renewal, etc.

COUNCILMEMBER SANCHEZ asked if the decision on the totality of circumstances and the status of the record would be made by the Police Department.

LIEUTENANT GRIGSBY responded that the decision would be made by the Police Department in consultation with the City Attorney's office. They would consider prior employment history and any recommendations from past employers, etc. It is much more involved than arbitrarily deciding whether or not to grant a license.

COUNCILMEMBER SANCHEZ further inquired if there would be an appeal process or referral.

LIEUTENANT GRIGSBY said that, with the card room licensing, they do allow for an appeal process to the Chief of Police.

COUNCILMEMBER McCAULEY noted that, in the initial meeting on this, the card room ordinance was the closest ordinance the City had as a reference. The City requires background checks on dealers in a card room, but the City does not require a check on homecare providers. She thought the Police Department had a list of homecare provider companies that are good, solid companies. They should have input into this ordinance as well. They may have concerns that Council would not think about. Some of these companies do their own background checks. If they do, she suggested staff find out if those checks would satisfy what the City needs to register their employees. This is the first step, but she would still like to hear from the public. The second step would be another workshop for the City Attorney and representatives from the Police Department to meet with the homecare providing companies. She did not expect Council to participate in that workshop.

Public Input

JIMMY KNOTT, 124 Sherri Lane, President of the La Salina Mobile Home Village Homeowners Association, which is a senior community, had a few concerns that were not

clearly addressed to the public. Within the ordinance, there is a need for a family care provision. The City needs to have direction and recommendations but be compassionate in the process. The City should offer a training program for those who are licensed so they understand the provisions and basic requirements of the law. Homecare providers should have a background in basic first aid training and CPR.

Some people prey on the elderly for economic gain. Independent caregivers who prey upon the elderly use fear tactics. He has known elderly people within his own park who have been preyed upon for the need of medical transportation or to get to a meal that had to sign over their homes just to get to that. It is unconscionable and immoral what they are doing. This ordinance would be the first step in addressing this issue.

Also there is a need to be compassionate in people's understanding for re-entry or rehabilitation programs such as Welfare to Work or the McAlister Institute. He asked Council to consider setting exclusions or strict criteria for their inclusion into this program.

COUNCILMEMBER McCAULEY read a note from City Attorney Bennett stating that friends and family that a senior would want to hire directly would be exempt from this licensing. This is specifically for the commercial homecare providers.

JOAN BAIER GARLAND, 6950 Friars Road #200, San Diego, with Internext Homecare, a not-for-profit homecare organization affiliated with Carlsbad by the Sea, does not know enough about the proposed ordinance to speak directly to it. However, as the past chairperson of the California Association for Health Services at Home, she said they share Council's concern for independent contractors who prey upon the frailest recipients of care. This is a big concern throughout the State, and background checks are not enough. Their trade association has tried to develop methods to protect the seniors.

The City is correct to want to talk to organized homecare providers because they do extensive background tests that include live scans, finger prints, reference checks, physicals and drug screens before a person is sent to work. Her organization and many others are already doing this. Their main concern is the independent providers who post fliers in the grocery store and go to work. The City's statistics speak to the problem. It is almost impossible to get evidence to prove who and what happened, unless it is as simple as a check being written or the individual is apprehended with the item in possession. Simply screening in the beginning will allow people to come around the edges.

She would also suggest that with retirement care facilities for the elderly, they already have security and background checks for their regular workers, including homecare providers, so she encouraged Council to work with those regulations also. She encouraged working with organized homecare providers,; many of who are present in the audience. A group she is affiliated with called the Regional Homecare Council meets monthly. They would be very willing to work with Oceanside to set up standards to protect the senior citizens.

BRITTNEI SALERNO, 7514 Girard Avenue, Suite 20, La Jolla, represented La Jolla Nurses Homecare, which is a licensed home health agency that has operated out of La Jolla since 1977. She reiterated that they would like to work with the City to develop these guidelines. When a call comes into an agency with a patient need, it is generally an immediate need. Getting clearance for each individual person would make it difficult for any agency to respond to a need as it comes in. At the rate of \$75 per person, an agency would not get each staff person licensed at the beginning. Agencies usually have a huge pool of people that should be cleared on an as-needed basis, but that would make it difficult for services to be provided immediately.

Depending on what level of care is needed, there are different levels of caregivers, such as Registered Nurse (RN), Licensed Vocational Nurse (LVN), Certified Nurses Assistant (CNA), and Certified Home Health Aide (CHHA). These individuals have criminal background clearance through their individual boards. This ordinance would encompass a small gap of providers that may be providing services independently that have no tie to a board. As a member of the Regional Homecare Council and a board member of Court Appointed Special Advocate (CASA), a State association, she would love to work with the

City to develop the necessary guidelines.

GERALD STARR, 39th Avenue, San Diego, with Affordable Home Care, addressed the situation where they have over 200 care providers in the field. It would be horrendous to have to license each one at \$75 per person. There should be some sort of pooling, such as an agency licensing or registration. As previously mentioned by Ms. Salerno, Mr. Starr gets calls from people who need care in an hour or less.

Affordable Home Care is opening a new office in Carlsba, so they expect more growth in this area. It is imperative that some cohesive grouping for costs be available. They would be interested in being involved in the workshops to discuss this since it is important to include the nursing homes and the home care groups to address all aspects.

DOLORES CORONA, 2182 El Camino Real, Ste. 207, owns Always There Home Care. Her company does background checks, drug testing, etc. When they call for references, the former employer cannot disclose much about the employee. They had a situation where a caregiver had stolen from a patient, and it ended up as a court case.

Background checks are complicated because it is difficult to obtain a true reference due to liability. The references provide dates of employment, but they do not want to provide any other details due to the liability issue. Being charged \$75 per person to perform background investigations would add to her overhead costs, which would also increase the cost to her elderly clients. She is not concerned with the homecare providers that have a license. Those without a license she would train, but the additional cost would impact her hiring and training unlicensed personnel. Additionally, a higher cost is associated with hiring a certified nurse, when all they need is a homecare provider. That increased cost would then be assessed to their clientele.

DEPUTY MAYOR HARDING understood that the background check would be given to those individuals who had not been given a background check by an agency. She asked for clarification.

COUNCILMEMBER McCAULEY indicated those details would be revealed in a workshop where the Police work in conjunction with these organizations to devise feasible options to place into the ordinance.

CITY ATTORNEY BENNETT said that the comments from the public are instructive because it appears that some of these facilities draw from a pool. OPD and the City Attorney did discuss a waiver or some type of discretionary exemption that the Police Chief could make if the facility did its own background checks. Apparently some of these homes draw from a pool, and if this pool is exempt from the registration process, the purpose is ineffective. Once the personnel are working in the facility, the Police Chief can review the background information to determine if the clearance will suffice. If the providers draw from a pool that has not yet undergone the background investigation, that is, in fact, the group they are looking to register.

DEPUTY MAYOR HARDING understood from the earlier speakers that the personnel they use have undergone a background check, and they should not have to do that again. However, if they have not had a background check, they would need to go through the process. She thought the licensed, professional elder care companies would only hire those who had undergone a background check.

COUNCILMEMBER SANCHEZ asked if the police could tell if crimes are being committed from within the pool of employees of the homecare agencies or outside of those agencies.

LIEUTENANT GRIGSBY indicated that typically the commission of a crime is usually by an individual who is not associated with a pool or an employment agency. The police have local access to the Regional Justice Information System (RJIS) that identifies someone who has a local record or is under investigation within San Diego County. The State background check would allow access as to whether an individual has had any arrests or convictions within the State.

ANDRE TEUBEN, 3646 Mira Pacific, lives in a senior community and also is a Senior Commissioner. He supports the general idea of this ordinance. Some reservations he has are due to the increase in bureaucracy. He thinks it would be good to educate seniors with this information. He talked with various seniors in his community about this in the past month. He is startled by those who do use homecare and the lack of information they have. It would be beneficial for the professionals as well as the senior communities for information to be sent out. The scariest part is that the City is talking about not licensing family members. A small number of people cause problems, but that is the reason the City has to do things to make it correct.

JOAN HOPPE is a community liaison for Tri-City Medical Center. They have a homecare agency as part of their medical center. This issue is very important. This workshop shows that Oceanside cares about its elderly community, which sends a message to those who might want to abuse an elderly person.

As a member of the medical community, they agree there needs to be more protection for people, but they also believe that knowledge is power. The most effective way to promote change is by increasing knowledge for the elderly. Healthcare has gotten to be incredibly complex, and for those who have healthcare needs, it can be scary to think about who they let into their home. There is a need, but she is unsure if an ordinance like this will solve the problem. There are a number of different kinds of providers under the homecare umbrella. She encouraged Council to consider using Tri-City Medical Center and the other homecare agencies that have spoken today as a helpful resource.

There was no further public input.

Discussion

COUNCILMEMBER FELLER felt that more information needs to be provided to the seniors. This is a key issue as the City proceeds with the development of this ordinance. The seniors need to hear that there are legitimate providers that do not want to take them for everything they have. Information should be at the forefront of the development of this ordinance.

COUNCILMEMBER SANCHEZ also agreed that education and outreach should be first. This cannot be effective if the citizens do not know it exists. There are laws to punish people after a crime is committed, but the idea is to prevent the crimes from happening through education and outreach.

The City has a diverse community, with a number of people here on a visa or as a student and do not have a social security number. She asked if they would be able to obtain clearance without a social security number. Also, with the new laws that allow people to apply for legal status while residing in the country, would a background check be available for those in the process of changing their status or not.

SERGEANT SIMPSON responded that under the current ordinance they would not. The application for the Department of Justice criminal history background requires a social security number.

COUNCILMEMBER McCAULEY initially met with City Attorney Bennett, City Manager Jepsen, District Attorney Paul Greenwood and Detective Chris McDonough regarding this issue. As a base for the ordinance is the fact that they are looking at the independent contractors more than anyone else. The licensing process would focus on the in-home care provider who is not affiliated with a board.

In response to calling for references on an employee, unless things have drastically changed since she had a business, a potential employer can ask the past employer if they would rehire this person if there were a position available. A former employer cannot discuss if the employee did anything wrong, but it is within the rights of the employer to respond positively or negatively.

The market the City would want to register are those from within a pool of employees, and the City needs to find a way to do that. This is why it is important to include the homecare provider companies in a workshop that would help to craft this ordinance. Neither Council nor staff are informed enough about this subject to craft the ordinance without assistance from those in the industry.

Education is extremely important. Many times the families of seniors procure this type of help and they do not know what they should be looking for. Therefore, they need to be educated as well. Finally, this is not a cure-all. The City can try to cover every loophole through this ordinance, but unfortunately there will still be those people out there. Something may come up at a later date that will help the City take another step. Additionally, this ordinance could not cover everyone, including a family friend who wanted to help. The City does not have enough police officers to make sure every homecare provider is registered with them, but it eliminates a lot of the problems coming from the pools. There are also many latitudes that an ordinance cannot cover, but they are hoping to cover as much of the problem as possible.

She moved that staff organize a workshop (not to include the City Council) between the Police Department, City Attorney and homecare providers who are interested in participating to craft an ordinance to bring back to Council.

DEPUTY MAYOR HARDING agreed with the motion. She thought that staff should establish the parameters under which the City will operate. If not, the different home care providers would promote their individual interest, and this is not what that ordinance is about. Also, she would vote differently if licensing family members or friends were included. The City cannot do it all, but Council's direction is to help close the gap.

CITY ATTORNEY BENNETT laid out some parameters for what could be done. The parameters would be to register those independent homecare providers. He is not comfortable recommending that Council take recommendations from the public and have the workshop turn into everyone putting their wish list on the table. Registration is about all the City can do. However, it would be interesting to discuss registering friends and family. Because of provisions and protections against familial discrimination, he can justify why Council would not want to register family members. The City cannot require that. However, it is difficult for the Police Department to ascertain whether a friend of a senior is exempt from registration or not. Maybe OPD has definitions for that type of relationship. The workshop will be good for the Attorney's office to understand the needs and concerns. The timing issue as it relates to how long it would take to register someone chosen from the pool of workers, would need to be worked out.

MAYOR JOHNSON inquired if the pending bill by Assemblymember Bates includes or excludes family members.

CITY ATTORNEY BENNETT did not see it referencing family. He suggested the City remove family members.

COUNCILMEMBER SANCHEZ stated that it is important for the providers to get information to the City in an effort to craft the ordinance. She **seconded** the motion.

She asked if it is realistic to devise a more streamlined process that includes a less intensive background check for those who have worked a certain number of years without any complaints.

COUNCILMEMBER McCAULEY depends solely on the City Attorney and Police Department to come up with the final ordinance. The intent of the workshop was to allow the homecare providers to provide information that would help craft the ordinance. She agreed that family and friends should not be mentioned in the ordinance.

COUNCILMEMBER FELLER wanted to make sure that the ordinance requires all the providers to have a business license to do business in the City. This would protect the City as well to have the business in the system.

June 27, 2001 – 2:00 PM

Adjourned Council Meeting Minutes

In regard to fees, **SERGEANT SIMPSON** advised Council that the current car room ordinance requires a \$30 processing fee and a \$12 fingerprinting fee, and the Department of Justice requires a \$32 fee. These fees total \$74 according to the ordinance and are subject to change.

Motion was **approved 5-0**.

ADJOURNMENT

MAYOR JOHNSON adjourned the meeting to a Mayor/Council Workshop at 10:00 AM on July 11, 2001. He adjourned this workshop at 3:51 PM on June 27, 2001.

ACCEPTED BY CDC/COUNCIL:

Barbara Riegel Wayne, CMC
City Clerk/Secretary, City of Oceanside

NOT OFFICIAL
UNTIL APPROVED AT SUBSEQUENT
MEETING BY CITY COUNCIL



California

CITY OF OCEANSIDE

JOINT MINUTES OF THE:

CITY COUNCIL SMALL CRAFT HARBOR DISTRICT BOARD OF DIRECTORS COMMUNITY DEVELOPMENT COMMISSION

July 11, 2001

ADJOURNED MEETING

2:00 PM

COUNCIL CHAMBERS

Mayor
Terry Johnson

Deputy Mayor
Betty Harding

Councilmembers
Jack Feller
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 2:02 PM, July 11, 2001 for the purpose of a workshop.

ROLL CALL

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

WORKSHOP ITEM

1. **Approval of an amendment to the City's FY 2001-02 General Fund Operating Budget**

CITY MANAGER JEPSEN summarized information previously presented to Council. His original intent was to ask Council to consider passing resolutions to provide future budget direction, and that is still an option. Despite newspaper reports and what Council may have heard, there is not a wealth of money available for discretionary spending. In actuality, the amount of discretion that Council has is relatively minor. Considering the fact that the City balanced as expected at the end of last year, including that Council added over \$1,500,000 in expenditures to the budget last year, that is not credited against the fact that the City concluded last year in a fairly good financial position. Taking all this into account and rolling forward those ongoing costs, it further restricts Council's ability to do other things with the budget. At the end of this presentation Council will have about \$1,000,000 in discretionary funding, against which there is about 3 or 4 times that amount of competing interests. So there is not a huge amount of money available. Some new resources have been discovered, and staff will determine how to spend those funds, which is the discussion needed at this meeting.

He will start with Anne Nicholls, Finance Department, to address the long-range fiscal planning in order to give Council a sense of what needs to be addressed over a 10-year horizon.

ANNE NICHOLLS, Senior Management Analyst/Budget Manager, arranged a presentation to provide a financial planning forecast for the next 10 years out. Based on the most current figures available, there are many assumptions made in computing these figures. She reviewed the current City commitments; Council approved items; any

ongoing additions, including the San Luis Rey debt commitment; the electricity increases; and the Mello Roos payment, which was removed from the equation because that obligation no longer exists. Also excluded from the revenue were the Educational Revenue Augmentation Fund (ERAF) monies and the booking fees. These two items were removed because the State advised that these funds are not expected to continue.

CITY MANAGER JEPSEN requested that Ms. Nicholls explain what the approximate ongoing gap is.

MS. NICHOLLS explained that the gap between the expenditure line and the revenue line is \$1,900,000.

DEPUTY MAYOR HARDING asked if the figures included the City's 7% reserve.

MS. NICHOLLS responded that this is current revenue anticipated to continue in the future and current expenditures that are anticipated to go out. Reserves are a separate issue.

DEPUTY MAYOR HARDING confirmed if the 7% reserve is maintained and not touched.

MS. NICHOLLS pointed out on a computer graph [graph 1] where the City restored the 7% reserve in 2000-2001.

CITY MANAGER JEPSEN clarified that Deputy Mayor Harding's question was reasonable in terms of managing resources from a conservative standpoint. As Ms. Nicholls reported, where the lines touch on the 2000-01 graph provides the restoration of the 7% on a going-forward basis, but just for that year. Unless Council decides to spend it, the assigned dollar amount will remain at that level. The provided projections do not anticipate adding additional resources every year to maintain that at 7%. If Council wished to maintain the reserves at 7%, a line item would need to be added for another \$250,000 a year to maintain the reserves at that 7% level. This can be done but as the budget increases to \$95,000 over the course of the budget, unless there is some correction, the lines would cross.

DEPUTY MAYOR HARDING asked when Council decides that it is not going to maintain the 7%.

CITY MANAGER JEPSEN noted that the 10-year projection looks out on the horizon for any abnormalities, any projected revenue increases or any extraordinary increase in expenditures that might show up. Council will see in some graphs what happens and why they do the long-term projections. Every year, Council would have to decide to put money aside to maintain the 7% reserve or to somehow change it. Council's current policy is to maintain the 7% reserve, so this is what staff will be bringing back to Council annually.

DEPUTY MAYOR HARDING repeated that every year when Council starts the budget process, staff would remind Council that there is 7% that cannot be touched.

CITY MANAGER JEPSEN noted that Council will see in the presentation additional built-in expenditures and some revenue potential.

COUNCILMEMBER McCAULEY used the following example for clarification: a 7% reserve at \$65,000,000 would be roughly \$4,500,000. So, (per the chart) the \$4,500,000 would be consistent throughout, even though the percentage rate drops as it reduces, and the dollar amount would remain the same unless Council chooses to add to it.

CITY MANAGER JEPSEN agreed, indicating that Council will see that as they go through the reserve accounts. The way this long-range forecast was arranged, the dollar amount would maintain at \$5,750,000 if Council does not add to it incrementally

as the budget increases. Council should be attentive to this throughout the remainder of this presentation.

Regarding the graph displayed, **COUNCILMEMBER SANCHEZ** inquired if the amount includes the \$3,000,000 that is owed to the General Fund for the Redevelopment debt.

MS. NICHOLLS replied it does not include the Redevelopment debt because it is not a revenue but repayment of a debt. The current graph is only addressing revenues and expenditures.

COUNCILMEMBER SANCHEZ stated it would become a revenue to the General Fund.

CITY MANAGER JEPSEN suggested discussing this topic once the presentation addresses reserve funds. It is money that is owed to the portfolio, and it will get repaid based on the decisions that Council has made. Repayment starts in the year 2015 when it would show up in the budget as a revenue stream.

MS. NICHOLLS provided a graph [graph 2] of when additional expenditures are shown for the 3% at 50 for the public safety employees, so the graph line is not maintaining a straight line.

Continuing the presentation, another graph showed ongoing costs that City Manager Jepsen will discuss. The employee costs are shown as being increased by 3%, which is the same amount that revenue is increasing. This projection is based on information available to them. Both were kept at 3%.

DEPUTY MAYOR HARDING asked what sources are included to compute the forecast assumptions, such as Manchester, hotel rooms, TOT, etc.

CITY MANAGER JEPSEN expounded that the displayed slide figures only reflect the existing revenues projected forward as they incrementally increase. The figures do not account for any new businesses. Staff took a snapshot of the City's expenditures and revenues as they stand today, and projected them forward.

DEPUTY MAYOR HARDING questioned if the expenditures inflation included the expansion of parks, police and fire, etc.

CITY MANAGER JEPSEN replied that it is a continuation of the revenues and expenditures with a built-in cost-of-living index adjustment.

DEPUTY MAYOR HARDING commented that these projections are then unrealistic.

CITY MANAGER JEPSEN concurred, summarizing that it is a basic projection forward of the current revenues and expenditures. It sets the base for what will be presented later in the presentation.

COUNCILMEMBER McCAULEY found the titles on the presentation charts confusing. The "General Fund 10-year Forecast" should state that it is with assumptions based on existing revenues and expenditures. She assumes there will be assumptions based on predicted revenues and expenditures.

CITY MANAGER JEPSEN agreed that those should reflect that.

MS. NICHOLLS explained that the information on this graph will be modified as things are added; it will be a moving graph.

COUNCILMEMBER SANCHEZ asked if the Multiple Habitat Conservation Program (MHCP) or anticipated employee raises were included.

CITY MANAGER JEPSEN replied it does not include anything for MHCP, although employee raises were set according to the cost-of-living index adjustment, as were the revenues. The City's ability to give employee raises will be constrained by the City's ability to raise revenues. Unless something unusual happens, over a long period of time these amounts will end up matching the Consumer Price Index (CPI) for San Diego County. It does build in employee raises but does not include anything for unusual or unanticipated expenditures for which Council had not made a decision.

It does assume the current level of services employees projected forward with no change other than what Council will see in the supplemental budget request. Council will see the allocation of that \$1,900,000.

COUNCILMEMBER SANCHEZ clarified that it appears that both expenditures and revenues are on the same line. Therefore, there is no gap.

CITY MANAGER JEPSEN replied that is exactly what this chart demonstrates. If Council booked this \$1,900,000, Council would be maximizing the capacity of the budget to do anything else.

DEPUTY MAYOR HARDING reiterated that, if Council spends all of the \$1,900,000, the discretionary spending is finished. She asked if staff factored in unreimbursed costs for natural disasters or emergencies, etc. If not, she asked whether, if such a situation occurred, it would be paid for out of the reserves.

CITY MANAGER JEPSEN replied that staff has not budgeted for emergencies. In fact, the City never has budgeted for emergencies. If there were an emergency, the money would be taken from a variety of sources depending on where the damage occurred. The City would then submit for reimbursement. Typically in a declared emergency, the City would get back 90-95% of the expenditures.

DEPUTY MAYOR HARDING mentioned that during last year the City spent over \$,000,000, but the reserve amount was \$1,900,000.

CITY MANAGER JEPSEN stated Council should carefully consider who to assist before they allocate the reserve amount of \$1,900,000. Last year, the City gave \$1,500,000 worth of assistance. The latitude to do that will be significantly constrained.

MAYOR JOHNSON recalled that in the past Council was "nickel and dimed" to the tune of \$1,500,000. The additional costs that Council directed staff to incur was a policy call, which he thinks Council understands.

COUNCILMEMBER McCAULEY noted they are basically looking at an increase in operating expenses. She inquired if this was what the City Manager had shown Council in a previous workshop a few months ago to define monies that would be available. If the City's TOT is not increased, the revenue dips under the expenses. Council would not be able to afford a Senior Center, etc., unless there is a jump in the revenues.

CITY MANAGER JEPSEN replied that this information is similar to what Council saw at that previous workshop. In addition, if Council adds expenditures, there is a need to find some way to pay for them. Council has limited options. Staff can reassess what they are currently doing and reassign resources to something that is of a higher priority to Council. Or staff can find additional ways to provide the resources necessary to support the incremental increases in services that Council wants to add.

COUNCILMEMBER SANCHEZ asked how staff calculated increased energy costs. She asked if they estimated that at some point energy rates and water costs would stabilize.

CITY MANAGER JEPSEN clarified that this is just the General Fund; water

utilities are not included. Energy costs are doubling what the City is currently paying. This amount is somewhat less than what was paid last year in total. The City paid more than double what they budgeted for energy last year. Going forward, the assumption was made that costs would stabilize at a rate that is twice what the City budgeted last year, with a cost-of-living adjustment added. He expects the cost of energy to drop from where it was, but it is not expected to go back to the budgeted \$800,000 a year. The cost was over twice that last year.

COUNCILMEMBER SANCHEZ asked if the chart reflects that and other projects.

CITY MANAGER JEPSEN replied that staff did not add anything into this projection that was not already approved by Council. It is just a snapshot of existing costs with the \$1,900,000 in supplementals attached to it projected forward for 10 years. Nothing was added to close the gap. Council will see the implications and value of this when they discuss what Council may want to add and the potential for revenue resources.

Continuing with the presentation, **MS. NICHOLLS** introduced a graph [graph 3] that contains all of the existing components plus the items that the City Manager will address later in the presentation. It included the Libby Lake Resource Center. By including this item, the expenditure line is above the revenue line.

CITY MANAGER JEPSEN added that this is the \$165,000 that Council approved at the last meeting to support the Libby Lake Resource Center out of the General Fund.

MS. NICHOLLS reported that the next slide [graph 4] adds the senior center for the operating cost, resulting in the expenditure line on the graph extending higher than the revenue line. The amount of additional operating cost is \$300,000 per year.

The next slide [graph 5] added estimated TOT's from projected revenues from a hotel complex. The revenues would extend above the expenditure line. Staff anticipates that could happen about mid-year in FY 2004-05.

CITY MANAGER JEPSEN advised that the expenditures exceeded revenues when Calle Montecito, Libby Lake and the Senior Center were added. They need to find ways to value existing services differently to pay for the additional priority services, or find ways to increase revenue.

Council will see the \$1,900,000 in supplemental requests. His reason to present this to Council is to value what will be presented. There is not a need to rush to a solution; they have time to discuss the items. They have an approved budget that they can move forward on. He does not want to mislead the Council or the press with expectations for what the City is able to achieve. Council has some discretion and will need to balance what is currently happening and what can be done with the available increment.

COUNCILMEMBER SANCHEZ questioned the specific assumptions staff has made on this graph on when the hotel is built, and when would the debt be repaid.

CITY MANAGER JEPSEN responded that it would come in mid-year 2004-05. It assumes it would be a 400-room hotel with a total combined revenue for TOT and property tax of \$4,000,000; of that, \$1,000,000 would be committed to repay the offsite public improvements bond. In addition, the contract requires that 10% of the TOT be allocated on a reimbursable basis for regional and national promotion of Oceanside. So the balance in increased revenue would be \$2,700,000 going forward. However, the first year would only be half that since the estimated hotel completion timeframe would be mid-year. The second year reaches the \$2,700,000 amount and that is maintained with the consumer price index on an ongoing basis. Those are the assumptions built in for that hotel, but this is just one example. Staff has the ability to model different things, i.e., big box retail, etc. and what it would generate in new revenues and offset other

revenues the City has. It is just to give a glimpse of the City's potential. Council would like to fund future items, and the City needs the capacity to do that. That capacity needs to be reserved now by changing what is presented, or the capacity is needed sometime in the future.

COUNCILMEMBER McCAULEY recalled the Keyser-Marston report on the beach resort quoted the occupancy rate for the County at about 72%. That report was based on a 65% occupancy rate, so it was relatively conservative. She asked what occupancy rate these figures were based on.

CITY MANAGER JEPSEN replied that the figures were taken from that report. They are rounded off rather than using the exact numbers. The \$4 million is close. They did take the occupancy rate adjustment into consideration.

City Manager Jepsen began his presentation by summarizing the fiscal year just ended. It has not changed appreciably, although for him it changes nearly daily. He expected to be within \$0.5 million of what Council would be shown today, but suggested Council not make any changes relative to this until the books are finalized. The completed books will probably be brought back to Council in September.

[Chart 1] The difference between what was budgeted and expenditures was about \$0.5 million. Staff expects to finish better than \$3 million in the differential right now. That is the number used to project forward for next year's revenues. While the numbers may change, [Chart 2] Council did appropriate \$1,500,000 in additional money beyond what was budgeted last year from people who came before Council, including staff, with good ideas. In order to meet the City's reserves going forward, the City needs another \$250,000 to maintain pace. He recommended, after Council restores the reserves, that the remaining balance be placed into the San Luis Rey debt and establish an energy reserve both to pay for deferred costs and to prepare for any unforeseen expenses for next year.

[Chart 3] A glimpse of the budget for the current fiscal year that began July 1 showed a little over \$74,000,000 in revenues. The revised estimates are slightly higher because last year ended at a higher revenue level than expected. They budgeted a 4.7% increase in revenues for the second year of the budget, but it is actually 4.2%. It also removed the ERAF and booking fees. Staff was informed that the City will not get back the ERAF money so staff is fairly comfortable with this number, although, there could be a drastic change in the economy that could either improve or worsen that profile. In an effort to provide a side-by-side comparison, the expenditures were left the same. There was previously a \$3,800,000 gap between revenues and expenditures. Later in the presentation, he will explain why that gap existed in the second year of the budget. There is a reason for these changes, and the revision with the increase of \$1,300,000 is added to the \$3,800,000 gap for a total of \$5,100,000.

DEPUTY MAYOR HARDING asked if staff factored in the possibility of the Vehicle License Fee (VLF) being reduced or taken away. The State needs to cut another \$4,000,000,000 from its budget, and she has read articles that the State is somewhat considering this.

CITY MANAGER JEPSEN replied they had not factored that in. That is something that the State could consider in the future. The economy is doing much better here in San Diego County than it is on a statewide level.

COUNCILMEMBER McCAULEY thinks the booking fees would be the first item the State would consider taking away before they take away the VLF. There is a constitutional issue with taking away the VLF.

Continuing, **CITY MANAGER JEPSEN** reported that there are 5 items [Chart 4] that impact the current budget as expenditures:

- Carryover costs from last year that were left out of the FY 2000-01 budget

- Mello Roos property debt - This is no longer being paid. It was built into the budget and now shows as a credit and not an expenditure.
- Appropriations out of the \$1,500,000 that was added to the budget last year. There is an excess of \$600,000 of related ongoing costs.
- Gas and electric fuel increase is estimated at \$1,400,000. Hopefully, it will be less than that, because that is more than twice what Council budgeted for last year.
- Public Safety Retirement - The 3% at 50 will cost the City an additional \$600,000 and is included in this year's budget.

Of the \$5,100,000 that is not allocated, there is a balance of \$1,900,000 that he would like to discuss today. It is important to show what comprises the other items that Council has no discretion over that should have been in the budget but were not. The carryover items [Chart 5] include:

- The Police Safety Retirement formula was built in incorrectly this fiscal year. It was correct for the first year of the budget, so he does not know why it was incorrect for this year, especially since the same formula was used. There is a \$409,000 differential that should have been in the budget this year but was not included.
- There are merit pay adjustments for all employees that was built into the first year of the budget but not built into the second year of the budget.
- There were 3 projects last year in the Information Technology (IT) budget: the City Clerk's Imaging Project, Computer Aided Dispatch (CAD) and J.D. Edwards. This is the 2nd year of IT's approved 2-year projects. They were only included last year in the budget and they did not get rolled forward. This is the reason for the \$1,000,000. Council did approve those items.

The debt service adjustment for [Chart 6] Mello Roos is a credit, not an expenditure. The total is \$463,500 added back into the budget on an ongoing basis.

Supplemental carryovers [Charts 7 & 8] are items that were approved mid-year that comprise the \$600,000 of ongoing costs. Those costs include:

- Council salary adjustments
- The Equal Employment Opportunity Officer
- Position reclassifications in the City Manager's office
- The reassignment of the fire chief and the work on the regional fire service
- The Poinsettia Center for the Arts is being budgeted over 5 years. Council allocated a total of \$300,000 for that purpose.
- Fire recruitment and training should have been in the budget but was left out. A total of \$300,000 last year and \$300,000 this year.
- An increase in rent for the resource centers.
- Council booked money to support the Boys and Girls Club.

These are the ongoing projects from the \$1,500,000 added last year.

[Charts 9 & 10] Some unavoidable costs that will happen whether or not Council budgets for them include increased energy costs, increased gasoline and natural gas costs. This \$1,400,000 is comprised of all these items (gasoline, natural gas and electrical power). Council also increased the benefits to public safety workers to 3% at 50. The ongoing implication of that will be \$600,000 a year. The total unavoidable costs are \$2,000,000.

COUNCILMEMBER FELLER asked if the budget contains other items, similar to

the Mello Roos surplus, that the City budgeted for but may not be expenditures.

CITY MANAGER JEPSEN replied that within the thousands of different items, it is a possibility to have some minor occurrences. However, he cannot recall anything that has a significant dollar value such as a \$400,000 item. Staff needs to re-examine the capital items that each department had in their budgets. He wants to be sure that the capital that was rolled forward in the second of the 2-year budget was not any extraordinary expenditures that should not have been automatically rolled over and gifted to the department in the second year.

DEPUTY MAYOR HARDING asked if they have a true handle on IT costs so Council will not be surprised with another unplanned \$1,500,000. She also wants to be sure there will not be any overruns with telephone and computer equipment.

In response, **CITY MANAGER JEPSEN** stated that staff accounted for the costs on a going forward basis. He believes that we have. Although he is not certain if there is an amount in arrears that has not been dealt with yet. He previously informed Council that the City has some unusual accounting practices in that the City has run some negative accounts with the understanding that at some point in the future the accounts will balance out. Other cities use a similar accounting method, but it is different than what he is accustomed to. He has asked the Finance Department to reconcile all the negative accounts on a going forward basis, which is why he would like Council to hold off on some of the reserve funds. Once that information is compiled, it will be presented to Council so they will have a good sense of where the City is.

Although the City has maintained and continued that policy over the last few years, some of the negative accounts need to be reconciled because they stretch back to 1984. It has just been a long-term policy of the City. Council needs to be presented that information from a policy perspective along with options on how to deal with that on a going forward basis. He does not have a frame of reference to determine where that is, but he is requesting that Council set aside reserves to address this topic at a later date. He plans to bring it back to Council once the reconciliation is completed, hopefully by the end of September of this year.

Continuing the presentation, City Manager Jepsen referenced the \$1,900,000 in discretionary funds that Council has some input on how to spend on a going forward basis unless Council chooses to change existing service levels. Of that \$1,900,000, [Chart 10] Council has already made commitments to approximately \$1,000,000 of it. Although the commitments are not locked in a budgetary sense, they are items that have been discussed or that have come across the dais that Council is aware of and needs to deal with.

The first is that the League of California Cities has asked for a dues increase of \$10,000. The Local Agency Formation Commission (LAFCO) is asking for \$36,000 in new fees. The City has never paid them before so this could be a reimbursable State mandate. Staff will be looking into that. The City has already signed a contract for the Treasurer's Professional Marketing Services with an increase of \$13,000 due to a change in service providers.

CITY TREASURER JONES explained that the former service the City had used since 1988, Telerate, went into bankruptcy. There were only 2 other companies that could give the City the services it needs to work with the bond market, and the economics that comprise the City's investments. The other option was Reuters, but they are a German company, so service would have been a problem. The Treasurer's Office chose Bloomberg, a very professional company that provides everything the City needs in the investment market. Unfortunately, it is costing the City more money, but the advantage is to get more for the money.

CITY MANAGER JEPSEN clarified that Telerate was a service provider that provided access to market information. The City's financial advisors did not go bankrupt.

Continuing with Council commitments, Council approved a 6-month contract extension with KOCT for \$40,000. The Humane Society asked for a substantially higher contract increase because a State law now requires them to board dogs for an extra day. Council has recommended that the City give them an additional \$50,000, but not at the rate they requested. The Visitor's Information and Welcome Center increased to \$39,000 recently.

DEPUTY MAYOR HARDING thinks the Visitor's Center does a wonderful job, but the City must keep an eye on this. The public needs to know that the City has also committed \$1,000,000 to the new building for the Visitor Information Center (VIC). Not all of the building is for visitor information services; a lot of it will also be for the Chamber. She has not yet seen why they want the extra \$39,000.

CITY MANAGER JEPSEN offered to go into that detail if necessary at a later point. He is advising Council what they are obligated to in one form or another. The Visitor's Information and Welcome Center increase will return to Council to examine in detail at a later date. The increased costs for the mowing and restroom contracts for the parks, harbor, etc. totals \$120,000.

The bottom line for contract commitments is \$300,000.

He then discussed personnel commitments. [Chart 11]. The City is currently advertising for a Chief Financial Officer. The re-organization included an upgrade of a Senior Planner to a City Planner. That is the extent of the City's current personnel commitments that are not budgeted on a going forward basis.

COUNCILMEMBER McCaULEY had questions on these items as listed in the staff report. She thought the City was taking the existing position and upgrading it with a \$20,000 raise. Therefore, she asked why the City is now advertising for a Chief Financial Officer.

CITY MANAGER JEPSEN confirmed that they are in fact, advertising for the Chief Financial Officer position. This amount is the increase in total compensation and the related administrative charges and benefit charges for those two positions. They are not creating any new positions, but simply showing the costs to upgrade. He meant to specify that because they have begun to advertise the benefits and salary for this higher-level position, they are committed to follow through.

Continuing the presentation [Chart 12] regarding facility commitments, he stated that in the past the City has had an ongoing commitment to the Public Arts fund. Upon establishing the public arts fund, the Council agreed to an annual review process. The City seeded it with \$25,000 and the budget continues that same amount. The operation of the Brooks Theater has never been budgeted. In the past, money was taken out of other City facility budgets, primarily the Civic Center budget. Now that it is functional, this amount is the differential of costs between having a part-time manager and the ongoing cost of running the building. The electrical power, the HVAC and event staffing minus expected revenues, equal the net differential, which is approximately \$32,000 on an ongoing basis.

The operation of the new skate park will cost an additional \$69,000. Council added the new skate park to the budget last year and at that time they budgeted approximately \$30,000 for operating expenses. It has been determined that this facility requires a higher level of staffing. If the City does not fund it at this level, the hours of operation will need to be cut back. This also includes the cost of insurance.

[Chart 13] This is where Council has discretion in the supplemental requests, which total \$1,046,000. In the Building Department, the conversion of contract services to 2 full-time positions has a net differential of \$42,000. One reason the City has increased revenues is due to increased permitting services and permit fees for new construction. This is listed as the number one priority because the City has an obligation to provide those services once the fees are collected. Whether the services are provided

this year, next year or the following year, the City has a commitment to those services. At a later date, Council will be asked to start partitioning the income received from development review and set that money aside in a separate account.

DEPUTY MAYOR HARDING has a concern that, if the economy declined and building development slowed, only a contract employee's contract with the City would go away. Conversely, a full-time employee would have to go away or they would have more employees than needed in a department.

Permanent employees in the development departments are a big concern because of the building fluctuation. She is concerned that if development is suddenly reduced next year, employees will no longer be needed. However, if they are on a contract, they would just not get the work.

COUNCILMEMBER SANCHEZ asked how the \$42,000 would compare to maintaining contracts with the current individuals and how long the contracts would be. Is there a savings to the City by hiring rather than contracting.

CITY MANAGER JEPSEN replied there is no savings. The \$42,000 is the additional cost incurred. The proposal is for the equivalent of 2 full-time positions. This is currently being handled through contract services at about \$90,000.

GREG ANDERSON, Building Director, reported that the Building Department is handling the plan check obligation with contract services; the plans are sent out. The Engineering Technician is for staffing the counter. With an increased level of service, they have been experiencing a deficit in counter service. He has received many comments from the public regarding reducing wait times and providing better service. Nothing is foreseen to indicate a drastic downturn. On the contrary, they anticipate an upturn in activity. There are a lot of projects coming out of the pipeline into construction. For the foreseeable future, the revenue will be there.

CITY MANAGER JEPSEN expounded that since the City has already collected the fees for the services that Mr. Anderson described, therefore, the City has an obligation to provide these services for the next 2-3 years. The \$42,000 net increase in costs makes the total cost nearly \$120,000, assuming the City eliminates the contracts. The money spent on contractors would be put towards permanent employees.

COUNCILMEMBER SANCHEZ asked for clarification if staff was proposing to add one full-time employee for the counter.

MR. ANDERSON specified they would be adding 2 employees: one for the counter and one for plan check. The department still has an additional amount of plan check contract dollars in the event of a downturn, etc.

COUNCILMEMBER SANCHEZ asked if the \$42,000 would cover the expense of the counter person.

MR. ANDERSON explained that the counter position would cost \$42,000. The plan check position would be a dollar for dollar offset.

Continuing with his presentation, **CITY MANAGER JEPSEN** reported that the second item in the discretionary supplemental requests is the after-school program; an ongoing City program. Because of the training requirements for these individuals, the after-school employees must work more than 1/2-time, so the City needs to increase them to 3/4-time to meet the training requirements. That is the differential in cost to take the 1/2-time employees to 3/4-time (\$20,000).

The next recommendation is to add a Parks Maintenance specialist to be 50% funded from the General Fund and 50% funded from the Landscape Maintenance Districts. It is unusual to increase the cost base for the landscape maintenance districts when the City was not given the opportunity to increase those revenues. However, given

the fact that the City needs to provide so much focused attention on finding ways to work with the neighborhood groups to reduce service costs, it will take a great deal of the staff member's time to work on this. They will still need someone monitoring the contract services while Tom Woodford, Public Works Inspector, researches ways to make corrections for expenditures to fall in line.

COUNCILMEMBER SANCHEZ asked if this was a one-time or ongoing cost.

CITY MANAGER JEPSEN responded that Mr. Woodford is stretched. The City did not increase rates for 8-9 years. He covers all the districts from one end of the City to the other single-handedly. Lois Daniele remains in the office to process the paperwork for him. There needs to be more eyes in the field.

Additionally, there is a need for a Maintenance Specialist in Parks to deal with those contract services. The current Maintenance Specialist in Parks is busy dealing with the City employees who provide services in the parks. The City needs someone to monitor that contract. This has been a priority need for sometime and another item for Council to consider.

[Chart 14] For Economic Development, he often says that Economic Development is the engine that drives the train. Ms. McVey has submitted approximately \$200,000 in requests. Staff is asking to set aside funds in Economic Development, which Council has indicated as a priority. Ms. McVey would then come before Council to explain the programs for the expenditure of those funds. Since the budgeted amount of \$80,000 is less than half of what she requested for advertising and marketing, she will need to value the items and return to Council with a program for consideration.

Council funded the commercial façade program last year, and they are asked to fund it again this year. There is a high demand for this program that provided upgrades to some of the areas in the community. There is also a continuation of the banner program. The \$75,000 for Commercial Façade and \$5,000 for banners were in last year's budget but not included on a going forward basis.

The Police Department requested 2 commercial officers for the downtown area [\$200,000]. Staff recommends that this start right away, although it takes time to get these people on board. The City will need a civilian Communications Manager position once the implementations of the Police CAD dispatch upgrades are completed [\$80,000]. Additionally, Police has requested 2 beach team officers [\$200,000]. Council is aware that existing personnel from the NETWork program are taken from the neighborhoods and placed on the beach in the summer, which is also when they are needed in the neighborhoods. O.P.D. has also requested to adjust a position from Detective to Sergeant [\$15,000].

[Councilmember McCauley left the dais at 3:10 PM]

DEPUTY MAYOR HARDING recognizes that officers are taken out of the neighborhoods and put on the beach in the summer months. However, in the winter months when the beach is not as heavily populated, would the City be taking the officers off the beach to put them back into the neighborhoods.

POLICE CHIEF MIKE POEHLMAN intends to have the 2 requested officers work in the beach corridor and the downtown area because they are within close proximity. The police oversee the beach area like a neighborhood. His goal is to establish a core group to maintain in the beach area.

DEPUTY MAYOR HARDING inquired if the 2 commercial officers are strictly for the downtown redevelopment area.

[Councilmember McCauley returned to the dais at 3:12 PM]

POLICE CHIEF POEHLMAN responded they could go to other areas of the City,

but their main focus would be the Redevelopment Area. For example, if there were a problem on SR-76 and College Boulevard, they could assist. These 2 officers will team with the existing grant commercial security officer position.

DEPUTY MAYOR HARDING recalled a speaker who referenced how often the City forgets there are vagrants who sleep all night on the sidewalks in the downtown area and in areas within the valley. There should be a balance in public safety; what is being done in 98% of the City compared to the other 2% of the City. They need to balance what is needed.

POLICE CHIEF POEHLMAN reassured Council that the commercial officers would be part of the commercial team focused on commercial efforts. Redevelopment is a large area that Council has emphasized a focus on, but the officers will not exclusively be there; they will go other places as well.

[Chart 15] Continuing the presentation, **CITY MANAGER JEPSEN** explained that at the retreat Council indicated they would like to see an annual citywide report.

Staff has budgeted \$50,000 in Community Services Fund for the Senior Center Plan. He is asking that Council set aside additional funds for the planning and design of Senior Center and Senior Services.

COUNCILMEMBER SANCHEZ asked if the \$200,000 budgeted for the beach team officers was for 6 months.

CITY MANAGER JEPSEN clarified that staff budgeted the annual cost for 2 officers. He did the budget this way so that Council will recognize the entire amount as an ongoing cost, which for the 2 officers would be \$150,000 annually. There would appear to be some savings if this amount was not added until mid-year or end of the year.

DEPUTY MAYOR HARDING questioned the requested \$150,000 for the planning and design of the Senior Center along with the \$50,000 from the department budget. If the City were to lease a building for the new Senior Center, would the cost total \$200,000 for the design work.

CITY MANAGER JEPSEN indicated it would not cost that amount, and Council will need to make that decision. He is simply asking Council to reserve the money so they have the capacity to do that if they choose. Each of these items will need to return individually to Council for a decision. Council may choose to design a facility or may elect to lease a facility. The annual operating costs would be higher on a leased building than a City-owned building.

CITY MANAGER JEPSEN continued with the discretionary supplemental requests. [Chart 16] He asked Council to disregard the \$75,000 for the downtown parking study as it has been funded. The Treasurer's Office would like to promote a position from Investment Officer to Senior Management Analyst. The City Clerk's office costs will be better determined once the imaging project is complete. The Clerk's office is requesting a court reporter to do the Council minutes and funding for a record management/data position with 50% of that position being paid for out of the General Fund and 50% out of the IT project budget previously discussed.

DEPUTY MAYOR HARDING thought that the City Clerk's office was going to get equipment that did minutes electronically. She also requested an explanation on the court reporter.

CITY CLERK WAYNE replied the department tried the electronic equipment, but it did not work out the way they thought it would. They eliminated that option because the test run did not provide the expected results. There are companies that have court-reporting capabilities. They have tried one out and hope to try others. If that does not work they will go back to basics. Staff typically pulls the minutes from the tapes. The

court reporting companies use the machines to take the minutes of the meetings and then produce the record from the minutes. Court-reporting services could provide minutes as well.

DEPUTY MAYOR HARDING asked if a court reporting service would take the minutes off the machine or if that would be done by the City Clerk's office staff.

CITY CLERK WAYNE explained that she plans to try one more service. One service recently came to a Council meeting, and she will evaluate how well that service does a set of minutes. They are trying out other companies to see if there is any feasibility of achieving a faster turn around time on minutes. This may not work but an attempt needs to be made to reduce the turn around time for minutes.

CITY MANAGER JEPSEN continued for the annual dues to join the City Consortium Innovations Group. The group has been around for a long time. They meet and share information on innovative ideas that different cities are doing. He was a member of this group at other work places. It provides good information and input on what other cities are doing. They also have a professional staff available to draw on. It is not unlike the League staff.

The final discretionary supplemental request [Chart 17] deals with miscellaneous supplies, dues, training and travel. The 3 departments that appear to need adjustments are the City Manager, City Council and Recreation Services. The total of these requests equal \$1,046,000, which is the balance of the discretionary money available to Council.

To address a couple of other things, if there was any left-over revenue, what he had originally recommended and has since backed out of is that the interest money be restored to 75% for Water Utilities. The current budget has it at a 50% level. Staff came to the common conclusion that it is better to leave it alone and have further discussions on how to restore this interest money on a more long-term basis, although they have not committed any capacity for this.

One of the reasons it has been problematic to restore the water interest money is because people have requested it in large increments that are not achievable. For example, if a request is made for 25% restoration in the water interest money and it is in excess of \$300,000, it always ends up getting valued in terms of other City services that Council cannot do. If Council considers restoration of that over an extended period of time and if it is done in smaller, maybe 10% increments, it takes longer to do, but it is more achievable. The subcommittee agreed with that proposal, although the full committee submitted a letter saying it should all be restored right away. He does not think Council has the capacity to do that. Council has gotten used to that money as a revenue source. It is not illegal for Council to use that for whatever they want.

Additionally, staff had discussion with the Water Utilities Subcommittee regarding the reason for carrying the amount of reserves that generates that much interest. If their mission is to protect the ratepayer, how is the ratepayer served to have \$26 million in reserves in the Water Utilities Fund or several million dollars in the Sewer Fund reserve. The available options to ratepayers needs to be ascertained as described in the financial model by Water Utilities Director Barry Martin. He recommends that Council reserve \$300,000; the money that they were going to put back toward the water interest restoration should be committed on an ongoing forward basis.

The annual debt service for the San Luis Rey River is \$1,700,000, so staff is only booking \$300,000 of that on an ongoing forward basis, which means the City has to come up with \$1,400,000 annually. If Council agrees to his suggestion, the City can account for 6-7 years of debt service on a going forward basis, assuming there are no additional subvention monies from the State. The State owes the City \$1,800,000.

DEPUTY MAYOR HARDING agrees there needs to be a study on the portfolio of both the Water and the Sewer Funds. She never understood why that high balance was carried. She feels some of those funds could be returned to the ratepayers. The portfolio

is higher than it needs to be as a reserve. She does not think any Council would consider doing a desalination plant without some Federal funding. They could not take that much money from their ratepayers for such a purpose. She hopes the City would carefully look at that and see what is really needed as a reserve in that portfolio and determine the sensible thing to do with some of that money.

[Councilmember Feller left the dais at 3:25 PM]

COUNCILMEMBER SANCHEZ recalled at the last meeting, the budget subcommittee planned to meet with the City Manager. The subcommittee was concerned about a number of projects that need to be funded, which will lead to rate increases, including the \$53,000,000 expansion repayment; there is also the energy and Clean Water Act.

The subcommittee felt that the interest off the water and sewer has subsidized the General Fund. The City has a greater need with the population increasing, and it seems unfair that the current ratepayers should have to pay higher rates to accommodate the growth rate. This money should stay in the Water Fund to protect from these kinds of increased rates. Other potential issues are arising, such as an increase in water costs, but this is all the City knows at this time. She understood the subcommittee's first priority was to start now in allowing the water fund to retain its interest so they can have options to protect the ratepayer.

CITY MANAGER JEPSEN is committed to working with the Water Utilities Commission to find a longer-term solution that involves looking at the current rate of interest and how it can be returned over time, because this is not something that can be accomplished in a large increment. Council has not previously made a decision that would instantaneously restore all of those funds. If Council wants to do that, then they need to tell him what to remove from the budget.

It will take place over an extended period of time to accomplish something that either provides for restoration or a combination of restoring that interest and spending down the reserve to a more reasonable rate where the interest is not an issue. There is nothing wrong with the City utilizing all the investment portfolio, placing resources back into the General Fund unless they are identified as stand-alone, dedicated resources, such as Federal dollars, State dollars or TransNet dollars that come from other taxing sources. It is not illegal nor is it different from what any city within the State does with these types of resources. It is at Council's discretion how they would like to restore the interest money. There is \$644,000 in outstanding Water Utilities interest. Restoring that entire amount all at once would require reducing the requests before Council or modifying other services to restore those resources.

[Councilmember Feller returned to the dais at 3:29 PM]

COUNCILMEMBER SANCHEZ suggested it was not feasible to use the funds generated from this base to pay for the Clean Water Act requirement of the Storm Water Runoff. These funds could be used to pay for related programs that the City has a responsibility to pay. The intensity of the debate seems to derive from the added costs associated with water but are now the responsibility of the City. She asked why that could not stay in the water fund because that is where everyone is looking to pay for these types of programs.

CITY MANAGER JEPSEN explained that those resources are shown as part of the revenue for the General Fund. If the revenue in the General Fund is reduced by \$600,000, expenditures must be reduced by \$600,000. The interest money could certainly pay for the Clean Water Act items, but \$600,000 worth of services must still be removed from the budget, because \$600,000 worth of revenue was taken out of the budget.

It is already recommended that it be booked for something, but it is Council's decision to book it for Clean Water Act items or whatever else is a Council priority. If the

City restores all the interest money back into Water Utilities instantaneously, which the City has become dependent on, it needs to be removed from the revenue stream, and then the City could not book other expenditures against it.

Continuing with the presentation regarding the items not funded in the budget [Chart 19], **CITY MANAGER JEPSEN** listed items not funded, including the San Luis Rey debt service. Employee raises are only budgeted at 3%. If employee increases are more than 3%, he has not calculated the new cost. The City is committed to the debt operations and maintenance of the Libby Lake Resource Center but has not budgeted for it. For the Senior Center, it assumes the debt service, but leasing would cost less. [Chart 20] Discussions have been taking place regarding the City 800 MHz radio system. The police training range needs to be replaced. The San Luis Rey channel maintenance will be due once the Army Corps of Engineers turns that over to the City. Nothing was budgeted for the Multiple Habitat Conservation implementation, but this is something Council should not overlook.

The number of items requiring funds greatly exceeds the City's ability to pay for them. This is important to take into account when Council considers booking the \$1,900,000, which actually is only \$1,046,000 in discretionary funding available to Council.

Regarding the reserve funds [Chart 21] for the 2001-02 budget, the General Fund operating budget shows a restoration to 7%. The City started the year with \$1,500,000 of unallocated capital but was recently restored. The Capital Improvement Program (CIP) Projects Fund is a fund newly created by Council. There is \$750,000 that might have been placed there mistakenly. He ensured Council that he is looking into that since it is storm money that was rebated to the City. He will make certain that it is restored to the account it was taken from. If it was taken out of the General Fund, it can be used here. If it was not taken from the General Fund, staff will replace it to the original account.

He recommended the revenue stabilization fund be held. The City budgeted \$1,200,000 for this, but he is proposing that amount remain in the personnel account. The infrastructure capital is maintained at the current level, but it may be needed if Council addresses the policy issue of negative accounts.

Any extra money that the City has he urged Council to seriously consider putting it toward the San Luis Rey debt service. He also suggested Council set up an energy reserve going forward. The City used to have a balance of \$17,000,000 in the reserve funds, which would roll-over to nearly \$20,000,000. But it is booked into a variety of reserve funds for Council's discretionary use at some point.

[Chart 22] Staff previously presented how they propose to fund the Clean Water Act Program. This is very similar to how the surrounding communities are funding it. Some Solid Waste and Water Utility Commissioners have expressed concern about this, but this has been held by the courts as a legitimate way to pay for these services. He reminded Council that it is an unfunded mandated service. Staff recommends further discussions and to then return to Council in the future. However, he does not foresee any dramatic modifications in the staff recommendation as to how this should be funded.

[Chart 23] The current average monthly water bill in Oceanside is \$78. The solid waste service would increase to \$0.70, and the water service would increase to \$0.30. This translates to \$0.02 per unit of water for a total of \$1 over the current \$78 to cover the Clean Water Program. [Chart 24] The San Luis Rey debt service showed no change because they will be working with Water Utilities on the whole interest rate issue. Staff recommends that it remains the same as it is now.

[Chart 25] The Water Utilities Fund has a net increase in revenue. Staff has built in the clean water surcharge as a revenue because the City would be charging the ratepayers for a total of \$250,000. It is later shown as an expenditure. Council restored the water interest money to 50%; it was previously 25%. In addition, the City changed

the personnel formulas for the PERS retirement and the other employee benefits to what it actually costs the City. That money was returned to the Water Fund, so they have a net increase of \$532,000. This money was not included in their formula for long-range fiscal forecasting. Staff will need to review how that will affect their long-range fiscal planning.

[Chart 26] Council restored the interest for the Sewer Fund from zero to 25% with a 3-year commitment to expend that fund down so that interest money in the Sewer Fund is not an issue. The restoration of personnel and net savings to the Sewer Fund was \$820,000 last year and \$834,000 for the current fiscal year. This was where they wanted to restore \$2,500,000 in increased energy costs. This money is not included in their long-range fiscal planning for revenues or expenditures. The bottom line is that they do not have a \$2,500,000 differential. It is actually \$680,000 for last year, and it is \$166,000 for this year. The City needs to spend some time looking at these utility funds. He discussed this with the subcommittee and they agreed to spend the time necessary to study that.

This concludes the budget presentation.

COUNCILMEMBER McCAULEY confirmed that the \$120,000 increase on the mowing and restroom contract is an annual ongoing increase.

CITY MANAGER JEPSEN verified that it is on Council's calendar for approval this evening.

COUNCILMEMBER McCAULEY questioned how many officers the police department needed. The police department is budgeted to 187 sworn officers with approximately 174 positions filled and 6 officers in the academy. The City is still short officers.

POLICE CHIEF POEHLMAN replied they currently have 6 vacancies. This count includes the class that recently graduated in June. They recently began another class of 6 recruits who will graduate before the end of the year, and another class of 6 recruits will begin in September.

COUNCILMEMBER McCAULEY pointed out that staff is requesting an additional 6 positions when there are already 6 vacancies budgeted that have not been used. Would it be a difficult process to recruit the total number of 12 officers.

POLICE CHIEF POEHLMAN stated it would not be difficult at all. For example, they have a full class in September of police recruits but he could put more people in that class if the funds were available to do so. Through Council policy, the City Manager has allowed the Police Department to over hire. Those vacant positions are paying for the recruits to be at the academy so that officers are coming down the pipeline on a continuous basis.

In the past, the Department would lose 10 to 15 officers at a time and not have anyone to fill their spots right away. Since people continue to retire, they are always looking to have new people in the pipeline.

COUNCILMEMBER McCAULEY wanted to be sure that the Department is not already having a problem filling to 187 when Council could approve another 6.

Regarding IT's carryover items, they show \$125,000 in ongoing costs and \$125,000 in one-time costs. Is the City still charging each of the departments 10% of IT's personnel costs.

CITY MANAGER JEPSEN verified that the departments are still being charged 10% administrative costs.

COUNCILMEMBER McCAULEY asked if that 10% from each of the

departments does not cover what they are asking for in this.

CITY MANAGER JEPSEN explained that it does not. Staff set aside \$250,000 for IT's projects for 2 years, based on the fact that they were similar to Capital Improvement Projects. They are stand-alone, dedicated projects so departments do not pay, and the City does not accredit them with any administrative charges. It included CAD, J.D. Edwards, Website design and the City Clerk's Document Imaging Program.

COUNCILMEMBER McCAULEY asked if the \$10,000 for the court reporter service was for a position or just for a service and if that is more expensive than a transcriber.

CITY CLERK WAYNE replied it is almost the same thing because there are services that call themselves "court-reporting" services, but they perform various transcription services, including minutes of meetings. The Clerk's office is trying out those opportunities to see what will work best.

COUNCILMEMBER McCAULEY inquired if the City belongs to the North San Diego County Convention and Visitors Bureau (CONVIS).

CITY MANAGER JEPSEN responded negatively. There is not funding for that purpose unless Jane McVey recommends that as a higher priority in the supplemental budget.

COUNCILMEMBER McCAULEY noted that the staff report (page 5) references the uncertainty of the California economy, which should be clearer near the end of the calendar year as Council begins budgeting for the 2002-04 budget. After the budget review today, she asked whether Council even needs to dip into the \$1,900,000 now. Due to the uncertainty of so many items, it may be more beneficial to wait until Council begins the budget process at the end of the year.

CITY MANAGER JEPSEN reminded Council that they already committed to \$900,000 of the \$1,900,000, which leaves only \$1,045,000 of discretionary money.

COUNCILMEMBER McCAULEY meant the \$1,045,000. She feels uncomfortable allocating anything right now that is not committed or is not something that Council has to do within a certain time specification or something they have already approved. She would prefer waiting until the first of the year. By then there should be more information and what is coming down from the State may be more secure. The \$1,000,000 may not make a huge difference, but it may make a huge difference in where they decide to allocate it.

DEPUTY MAYOR HARDING has a concern in that the City pays for the Chamber of Commerce, Main Street, the Humane Society, KOCT, etc. out of these funds. If Council decided to join CONVIS, it should not be an Economic Development expense. Otherwise, the Chamber of Commerce and MainStreet should be placed within the Economic Development budget as well.

She agrees with Councilmember McCauley in being slow to fund. In her history, this is the first time she recollects the Police being at their full complement of officers, and they should work hard to maintain 187 officers. Additionally, some of last week's retirements were Captains and Sergeants, which allows more money left than hiring an officer.

Until the State has its budget formalized, the City should be very slow to fund anything Council has not already committed to. Also, in the future, at the first of the budget year, the City should advise groups that do events, such as Seagaze or the museum to submit their request to Council early because only a certain amount will be budgeted for events. Once that money is gone, there is no more. Council should only fund events once a year. Although it will take a while, staff should work very hard at eliminating negative accounts in the City. Additionally, Council should make a policy

decision regarding what can be done about the interest and let the Utilities Commission see how that is best served.

CHIEF POEHLMAN clarified that the number of the full complement of police officers is 178, not 187.

COUNCILMEMBER SANCHEZ agrees that if the City can hold off on funding anything they should. From the presentation, there are only 2 things Council should move forward, and those are the Building Department's contract conversions because that is important to ensure that things proceed smoothly. The City is building at a rapid rate, with one project of about 1,000 homes and other projects pending. Also, the Maintenance Specialist is a critical position. But the remaining items could wait. Once Ms. McVey returns to Council to present the survey, they will deal with that priority as outlined. Unless there is a critical proposal, she recommends Council wait until around January when they will have a better idea of the position of the State and the City.

COUNCILMEMBER McCAULEY does not feel that these requests are unreasonable; they are all very good requests. Some requests Council would not be able to implement until roughly September. Council should wait until they begin their next budget process. Only dire needs should come back to Council as individual items.

In her 7 years as a Councilmember, this is the first time she has seen the budget laid out in such a clear fashion. This allows Council the opportunity to make good decisions even if they are not the most popular decisions. It is the first time Council has been fully informed as to where the City stands right now and what they are looking at for the future. It has given Council an opportunity to perform its most important task of the fiduciary responsibility for the City.

Public Input

THOMAS J. DEMPSEY, 3641 Esplanade Street, has lived in Oceanside for 33 years. In March 2000, the City Manager approved blight Arundo clean-up in the Lake Boulevard area of Buena Vista Creek, east of College Boulevard. He requested the City appropriate funds for blight Arundo clean-up in the Lake Boulevard areas of Buena Vista Creek, west of Thunder Drive, north of Fire Station No. 4. This process will also clean up homeless encampments there. He also requested the 6 foot drain located in the Buena Vista Creek, located south of the Mossy Nissan car dealership, approximately 40 yards from the west side of College Boulevard, be modified to disperse the run-off to prevent ponding, stench, stagnant water and mosquito infestation. Re-routing within the flood plain is necessary to properly drain, irrigate and evaporate in a larger habitat area within the flood plain to eliminate cesspool conditions. The Buena Vista Creek is an orphan to the beach, San Luis Rey and Loma Alta Creek spending.

Declaring a surplus and raising water and trash fees monthly sound duplicitous. Increasing fees is another way of increasing taxes and is not justified. What will be done with the energy refund since the energy crisis is over. Can Council justify raising water and trash rates and to explain the transfer of interest funds from the Water Department to the General Fund. What is this dollar amount and who gets it. Deputy Mayor Harding has stated in the past that the City is weaning itself from putting the water funds into the General Fund. He asked if there is an update on the status of this weaning process.

JOHN DUNZER, 3660 Merced Drive, is very encouraged by the presentation. The City's financial status was understandable. He is also encouraged by the fact that the City won a \$1,000,000 lotto last year and did not go out and buy a lot of expensive items but changed expenditures to investments. He agreed with the Councilmembers who expressed concern over the economic uncertainty. There are opportunities that the City should investment in. Some of those investments could push the receipts up, and the expenditures would fall into line.

He has the utmost respect for the Oceanside Police Department, but he is concerned when things get out of balance. There must be a balance to support the

need. He is concerned that the City spends more resources on public safety than necessary, even more than some of the neighboring cities. The police management does a good job with those resources as evidenced by the fact that the crime rate is under control. However, he is concerned that the request for beach officers is a short-term need, while the City would be funding it as if it were a long-term problem. Having officers at the beach in the summer and transferred to undefined positions during the other 9 months of the year does not make much sense. He is sure these officers would be very useful and helpful, but a balance needs to occur between resources and needs. Determine the short-term needs and fund them with short-term resources. As a citizen, he believes that the City is on the right track.

NANCY LEE ANDERSON, owns a store at 613 Mission Avenue. She has witnessed constant problems with vagrants at her store location. It is every day. She witnesses vagrants yell out profanities inside her store and solicit her customers as they enter her store. In the rear of the store she has had to chase off drunken people. She regularly reports problems to the Police Department so they now know her by her first name. They need regular police presence in this area. In the year and a half her business has been opened, she has visitors who stay here year-round. She offers shopping in the downtown area for women, but their safety is critical. She moved from Carlsbad to Oceanside and must assure her customers that it is okay to come to downtown Oceanside. She cringes at the thought that one of her customers will experience what she has to deal with daily. More regular police patrols are needed. She is on the board for MainStreet, and as they promote the City they need more police to help with the problems. People are surprised at how nice downtown Oceanside is becoming, but she has never seen a police officer walk by her store. She requested unoccupied police cars to park across the street from her store, and it helps alleviate the speeders.

There are a lot of positives. Those people who have not come down here for years are taken aback by how nice the area is becoming.

COUNCILMEMBER SANCHEZ was sure Chief Poehlman would talk with Ms. Anderson after this workshop.

She understood that they had a Deputy District Attorney (DA) assigned to the City and specifically the redevelopment area. Initially, it was thought they would have this person going around the City, but it now seems that this person is dedicated to the redevelopment. She asked how Council can assist in addressing these issues. She thought this person was assigned strictly to the downtown area because it is such an important area to the City's economy.

MAYOR JOHNSON understood that Kate Bush was assigned to this area from the DA's office. Crime is like air in a balloon; when it is squeezed in one area it will pop out in another area. There is not enough police coverage for the entire City. He asked Chief Poehlman to further explain.

POLICE CHIEF POEHLMAN replied that Kate Bush is the City's community prosecutor assigned to 2 neighborhoods: downtown and Crown Heights. This is a pilot program that was developed with District Attorney Pfingst. This is the only city in the County where this is being done. Crown Heights has a NETWork, and the community prosecutor needs someone in the field. The prosecutors can do a lot of things with most of the activity in court, but they need the police to do the legwork for them.

He currently does not have anyone working the commercial areas full-time. They pull police from other assignments to get them into the downtown area. He has met with his staff, and when they have officers available, they work in this area. The intent was to have the commercial officers work hand-in-hand with the community prosecutor in hopes of going even further. They have done terrific things, but they could do better if they had additional resources.

COUNCILMEMBER SANCHEZ questioned if one of the unfilled positions could

be designated as a commercial officer.

POLICE CHIEF POEHLMAN responded that the vacant positions are already all positions that are assigned to different assignments. The bulk of those are assigned to Field Operations or patrol where they handle service calls. They have minimum staffing levels, so when the Department falls below minimum staffing they hire overtime. The overtime in the Police Department alone is over \$1,000,000. Salary savings from vacant positions is mostly consumed by overtime, primarily because someone is needed to answer the calls for service at minimum level. Therefore, there really is not an extra position. The Department is in the process of working on a re-deployment plan for the 178 positions in the Field Operations and other areas of the department. This plan should be before Council by the end of the year. If the suggestion were made to place 2 police officers downtown, that would mean pulling them from some other area such as: NETWork, schools, traffic, the call for service pool, out of a detective position, etc. There are no extra positions.

COUNCILMEMBER SANCHEZ asked what would happen if only 1 of the 2 requested positions were allocated.

POLICE CHIEF POEHLMAN replied that 1 position would be assigned to work that area. Having 2 officers would eliminate the need to call for backup because the officers could work together to accomplish a lot of things that cannot be done alone.

In the past, the Department presented to Council a strategic plan that included a Homeless Outreach Team. This team would deal with some of the issues presented here such as commercial officers, beach officers and other similar positions. Council is seeing only a piece of that, feeling over the next year that these were critical issues and fulfilling these requests will take them to a higher level. One position would be great and would team with their commercial safety position, which would be a code enforcement officer, and they would predominately work the commercial areas in redevelopment, as well as with the community prosecutor on a lot of activities.

COUNCILMEMBER McCAULEY inquired if there would still be 6 vacancies once the officers graduate from the academy.

POLICE CHIEF POEHLMAN said if he does not lose another position between now and November, the Department would be at full complement because he has 6 recruits that would graduate in November to bring the number of officers to 178. In September, another 6 recruits will begin the academy. The reality is that they will lose positions. One Sergeant will retire in August. When a Captain, Sergeant or Lieutenant retires, somebody from the bottom level is promoted which is how they lose the people at entry-level. In addition to retirements, an individual could get injured or want to transfer.

COUNCILMEMBER McCAULEY stated this is the first time that she can recall the Police Department being fully staffed. So she would like to hold off just until January before considering this. It will still give them more officers than they have ever had on the street. The City has that latitude. She does want more officers, but with everything else Council is looking at she would like to wait until the next budget process. She would hope with some of the new officers coming in that the City could beef up a little more in that area and still not have to allocate these funds until the first of the year. If OPD are going to be fully staffed, they could accommodate this a little better.

POLICE CHIEF POEHLMAN indicated that they not only hire people coming out of the recruit academy; they also hire laterals. They constantly do that to fill positions.

MAYOR JOHNSON would rather hear concerns and complaints about vagrants or transients in a doorway or sidewalk than the shootings and violence that occurred in the last decade.

TED GARRETT, 216 North Coast Highway, stated the Downtown Business Association and MainStreet Oceanside have been working diligently for 10 years. They would be remiss in their responsibility and commitment to downtown if they did not speak on this issue. MainStreet Oceanside supports expenditures for the Commercial Service Officers and for the Beach Officers. He has spoken before a number of groups in Oceanside, and one of his basic messages is that downtown is a symbol for all of Oceanside. Some 200,000 cars travel down the highway through Oceanside, and when visitors come into the City, they do not go into the residential areas; they walk through the downtown. This area is the soul of the City and the most visible area. It is also a source of pride for all who live here. If downtown is not well, it is a negative reflection on the City.

Part of the City's success is to have a safe, clean and walkable community. Mayor Johnson mentioned that Oceanside has come a long way over the past decade. The City is on the right track and should continue that way. MainStreet has worked diligently with OPD who are there when merchants need them. He urged Council to carefully consider this because the City's residents, downtown merchants and tourists need this. The image of Oceanside depends on a viable, vibrant, clean, safe and walkable downtown. On behalf of all their members, they support the OPD request for at least 1 community service officers. They will do their part in assisting the City to make this happen.

In summary, **CITY MANAGER JEPSEN** presented a number of items that were left out of the budget, a number of things the City is committed to deal with. The total amount left is \$1,900,000 as discretionary. Half of that is committed to other things. Some of the budget proposals need to be modified. He proposed to bring those items back in August. Last year's reconciled budget will be presented to Council in September at which time they will address the reserve funds and hopefully have a handle in September on the negative accounts. Towards the end of the calendar year, staff will present other supplemental requests back for further Council discussion. He asked if that was Council's understanding.

With respect to the items Council is already committed to, **COUNCILMEMBER SANCHEZ moved** that Council approve funding these contracts and projects already committed to. Regarding the discretionary, she agreed with her colleagues that it would be important to wait until January with the exception of the Building Department's \$42,000 conversion and the Landscape Maintenance Assessment District's (LMAD) request for \$32,500. She further **moved** to fund 1 of the commercial officers. If that were a problem, she would be willing to bifurcate her motion.

COUNCILMEMBER McCAULEY seconded the motion without the commercial officer because she would like to see what adjustments can be made for better coverage downtown when the new officers come on board to provide better coverage downtown. Council can re-visit the request for the commercial and beach officers in January.

CITY ATTORNEY BENNETT requested clarification of the motion.

COUNCILMEMBER SANCHEZ clarified that the motion is to fund the projects and contracts Council has already committed to and, with respect to the discretionary, that they fund the Building and the LMAD requests for \$42,000 and \$32,500 respectively [including Resolution No. 01-R403-1].

Motion was **approved 5-0** [and adoption of Resolution No. 01-R403-1, ". . . Approval of an amendment to the City's FY 2000-02 Fiscal Years."]

As bifurcated, **COUNCILMEMBER SANCHEZ then moved** to fund the one commercial officer at this time. With summer approaching and a lot of people coming through the City, she is hearing a need for this so she is making this motion.

July 11, 2001 - 2:00 PM

Joint Meeting Minutes
Council, HDB and CDC

MAYOR JOHNSON called for a second. Hearing none, the motion **died** for lack of second.

ADJOURNMENT

MAYOR JOHNSON adjourned this meeting of the Oceanside City Council at 4:28 PM, July 11, 2001, until the regular Council meeting at 6:00 PM.

ACCEPTED BY COUNCIL:

Barbara Riegel Wayne, CMC
City Clerk/Secretary, City of Oceanside

NOT OFFICIAL
UNTIL AFTER SUBSEQUENT
MEETING BY CITY COUNCIL



California

CITY OF OCEANSIDE

MINUTES OF THE

CITY COUNCIL

MAY 23, 2006

ADJOURNED MEETING 4:00 PM COUNCIL CHAMBERS

Mayor

Jim Wood

Deputy Mayor

Shari Mackin

Councilmembers

Jack Feller
Rocky Chavez
Esther Sanchez

City Clerk

Barbara Riegel Wayne

City Treasurer

Rosemary Jones

At 4:04 PM, **MAYOR WOOD** said Council's policy is that 4 Councilmembers must be present in order to start a workshop meeting. As of now, there are only 3 Councilmembers present.

Present were Mayor Wood, Deputy Mayor Mackin and Councilmember Chavez.

MAYOR WOOD moved to waive Council policy and proceed with the meeting with 3 Councilmembers present.

DEPUTY MAYOR MACKIN seconded the motion.

(Depending on the interpretation of Council policy and City Codes,) Motion **failed** 2-1, with Councilmember Chavez voting no and Councilmembers Feller and Sanchez absent.

NITA MCKAY, Financial Services Director, said that staff could finalize the review of all departmental budgets and return tomorrow evening, at the scheduled Council meeting to discuss Decision Packages.

CITY ATTORNEY MULLEN reported that Councilmember Feller would not be present at today's meeting.

MAYOR WOOD said the issue is that Council asked for a vote to begin the meeting with 3 Councilmembers and proceed with the meeting for informational purposes and not vote on the issues. Normally, 4 Councilmembers are needed. The vote is 2-1 with Councilmember Chavez voting no. The City Clerk had indicated that it is a Council policy to have 4 Councilmembers present for a Workshop.

CITY CLERK WAYNE said Council could waive the policy with a sufficient vote [as determined by the City Code]. It does not mean that Council cannot go ahead and hear general information. However, Council has a policy [Policy 100-50] that 4 Councilmembers are needed at a workshop.

[Recess was held to review the code and policy from 4:06 PM to 4:19 PM.]

Following his review, **CITY ATTORNEY MULLEN** said there is no policy that he has been able to uncover within the policy manual that requires 4 members of the City Council to be present for a Workshop. Assuming such a policy does exist, pursuant to Oceanside City Code Section 2.1.6, 3 members of the City Council shall constitute a quorum

for the transaction of business, and motions may be passed by a majority of the quorum, which in this case would be the 2 votes. So even assuming that there was a policy, he believes it has been appropriately waived, pursuant to City Code Section 2.1.6. He advised Council not to take any action, but instead just to receive testimony and the staff report with respect to the budget material.

MAYOR WOOD said this meeting has been scheduled for an information-only meeting. Due to the number of Councilmembers present, Council will listen to the information and make a decision vote at a later date, unless a 4th Councilmember arrives.

Mayor Wood called the adjourned meeting of the Oceanside City Council to order at 4:20 PM.

ROLL CALL

Present were Mayor Wood, Deputy Mayor Mackin and Councilmember Chavez. Councilmember Sanchez arrived at 4:42 PM. Councilmember Feller was absent. Also present were City Clerk Wayne, City Treasurer Jones, City Manager Jepsen, and City Attorney Mullen. The Pledge of Allegiance was led by Financial Services Director Nita McKAY.

WORKSHOP ITEM:

1. **Presentation and discussion of the proposed FY 2006-08 Biennial Operating and Capital Improvement Budgets and filling of vacant City staff positions**

NITA McKAY, Financial Services Director, said this presentation will begin where staff left off last Thursday evening with the Non-Departmental Expenditure Budget in the General Fund. This portion of the General Fund budget is not applicable to any given department. Line items discussed are:

Non-Departmental Expenditure Budget			
Description	FY 05-06	FY 06-07	FY 07-08
Animal Control	480,000	500,000	500,000
City Supported Programs	394,000	300,000	300,000
Cable TV Contract	2,035,400	685,400	685,400
Police Support Staff/Fire Station 8 Staff	363,352	0	0
Community Development Block Grant	11,701	7,637	919,413
Public Facility Fees	595,830	600,845	605,143
Debt Service	1,032,871	2,590,251	2,694,772
City Memberships & Fees	229,248	307,800	312,350
Senior Mobile Home Park/Emp Recog	260,000	8,000	8,000
Transfers to Other Funds	9,752,602	2,852,031	3,796,789

Ms. McKay stated the 2nd item, "City Supported Items," actually includes the Chamber of Commerce supported program for \$200,000 and a lobbyist for \$80,000. The cable television contract is with KOCT. The current fiscal year includes a one-time technology grant pass-through and that is why it is larger in the current year [at \$2,035,400]. The next line item [Police Support Staff/Fire Station 8 Staff] includes a placeholder that was discussed and approved during the mid-cycle budget adjustments for additional police support and Fire Station 8 staff, and it is currently budgeted in non-departmental. The Community Development Block Grant (CDBG) amount in Fiscal Year 2007-2008 [\$919,413] is a placeholder for the CBDG grant monies the City distributes to community service organizations. Since the City does not distribute the funds this far in advance, it is listed as a placeholder in non-departmental.

The Public Facilities Fees Fund is a General Fund transfer to fund capital improvement projects. Debt service is for the City's pension obligation bonds. The City memberships and fees include League of California Cities, Local Agency Formation Commission (LAFCO), Sister Cities and the Convention and Visitors' Bureau. The "Senior

Mobile Home Park/Employee Recognition" item is a little misleading. Actually, \$252,000 in the current year is for Senior Mobile Home Park litigation. The other \$8,000 [FY 2006-07 and FY 2007-08] is for the Citywide employee recognition.

Ms. McKay had distributed a handout to Council that detailed the transfers to other funds, including the purpose of the transfers on the document.

COUNCILMEMBER CHAVEZ asked why the cable television contract decreased from \$2,000,000 to \$685,000.

MS. MCKAY said there is a 1-time technology grant in the current 2005-2006 fiscal year of \$1,300,000. This is a pass-through to KOCT.

COUNCILMEMBER CHAVEZ noted that the Community Development Block Grant is a large number for Fiscal Year 2007-2008 [\$919,413].

MS. MCKAY explained that is the amount that the City distributes to the community services organizations. The City has already distributed the funds for 2006-2007, but not the 2007-2008 funds, so it is just a placeholder for anticipated funding.

COUNCILMEMBER CHAVEZ asked why the debt service increased.

MS. MCKAY explained that the pension obligation debt began in the current year and only interest was paid. Next year the City will begin paying the principal.

COUNCILMEMBER CHAVEZ asked if that represents the refinancing.

MS. MCKAY clarified that it was actually to fund the unfunded debt obligation in the City's Public Employees Retirement System (PERS). The City issued pension obligation bonds.

COUNCILMEMBER CHAVEZ asked if Fiscal Years 2008-2009, 2009-2010 and 2010-11 would be more in the order of \$2,500,000 or \$2,600,000.

MS. MCKAY replied in the affirmative. This current year is only interest.

Continuing with the line item detail, Ms. McKay said the next item is actually a separate fund and Peter Weiss, Director of Public Works, will be going into some detail in his Capital Improvement Program presentation. This is the City's Community Facilities Fund, funded as part of the transfers from non-departmental. This is for parks maintenance, deferred building maintenance, median gateway landscape projects, and continuing replacement of the Fire Department apparatus and equipment.

She then addressed the Harbor and Beaches General Fund Budget. The majority of the 22% increase shown during the 1st fiscal year is because of personnel costs. The majority of the personnel in the General Fund portion of Harbor and Beaches are part-time employees. Since cost-of-living adjustments were made for part-time employees, a majority of the increase is personnel costs. They also have a scheduled remodel of the pier restrooms, which is the majority of the contractual services increase. As Council discussed last Thursday evening, they have an increase in their general liability because rates are based on past claims. They also have an increase in fleet charges because of additional vehicles. Their requested capital outlay for the 1st fiscal year includes a lifeguard tower.

DEPUTY MAYOR MACKIN asked for the location of the restrooms.

DON HADLEY, Director of Harbor and Beaches, said this is for the remodeling of the pier restrooms, located approximately halfway on the pier.

Continuing her presentation, **MS. MCKAY** stated there is a 1% increase from the fiscal year 2006-07 to the fiscal year 2007-08. The increase is due to personnel costs. A slight decrease in maintenance and repair is proposed, and that is because the pier

restrooms are scheduled in the 1st year. Their capital outlay requests include an additional lifeguard tower in the 2nd year and an electric utility cart for pier maintenance.

The Harbor Fund Budget shows a 6% increase during the 1st Fiscal Year, based upon personnel costs increasing. She noted that the increase is across the board, in all departments, based upon merit increases and cost-of-living adjustments based on the City's Memorandums of Understanding. There is an increase in the janitorial contract. There is an increase in the marine float system. In the Harbor Fund, they have requested capital outlay of a sidewalk improvement program, an electric utility cart for Harbor maintenance, and a 4-wheel drive Harbor Police vehicle. The 2nd year of the Harbor Fund Budget shows an increase of 5%, which includes an increase in personnel costs and capital outlay items, including an additional sidewalk improvement program, UV light treatment, utility cart for Harbor Maintenance, and another Harbor Police vehicle.

DEPUTY MAYOR MACKIN asked how much money the Harbor District generates.

MR. HADLEY reported approximately \$5,000,000.

MS. MCKAY displayed a list of vacant positions within the Harbor and Beaches Department.

MAYOR WOOD said before continuing, he would like an update from the City Attorney.

CITY ATTORNEY MULLEN wished to correct the record. Earlier he indicated not being aware of any policy requiring 4 Councilmembers to be present for a workshop. There actually is a policy, Policy Number 100-50, which was revised in June 2002. But, it remains his opinion that the City Council can waive the policy pursuant to City Code Section 2.1.6, with a majority of the quorum present at the meeting.

MS. MCKAY recommended a slight change in the order of the presentation. She will continue with her presentation, which includes the Internal Service Funds. Then she will be turning the presentation over to Peter Weiss and Barry Martin.

She noted that the Internal Service Funds are in the back of the budget document. Any changes made to the Internal Service Funds will actually affect all of the other funds because Internal Service Funds include Information Technology, Risk Management, Workers' Compensation, Fleet and Building expenses. These expenses are charged back to the departments on an allocation basis.

The Information Technology budget shows a decrease of 4% [from \$5,366,610 in FY 2005-06 to \$5,152,851 in FY 2006-07] and an increase of personnel costs [in the amount of \$167,601], for the 1st fiscal year. There is a [\$66,990] decrease in software maintenance since staff will no longer be using one of the budgeting software programs and have combined others. Consultant fees are decreasing [by \$281,000]. During the current fiscal year, the City was required to do a payroll upgrade with JD Edwards so that staff could actually process payroll and do the magnetic media reporting to the State of California. There is a [\$21,880] decrease in cellular phones because staff was able to negotiate a more cost-effective service. Their capital outlay requests include network devices of \$49,000. The 2nd year shows a slight increase of 2%, which includes personnel costs, and they again have capital outlay requests for network devices of \$49,000. This is not an increase; staff is just detailing the capital outlay separately.

The Workers' Compensation budget shows a very slight increase of 1% [from \$2,763,870 to \$2,780,246] during the 1st fiscal year, which is due to personnel costs. The 2nd fiscal year shows a 2% increase [from 2,780,246 to \$2,839,905], which includes personnel costs and Workers' Compensation Insurance. This is not Workers' Compensation claims, but rather the insurance costs that were previously in the Risk Management budget. Staff has moved the insurance costs to the more appropriate account of Workers' Compensation.

The Risk Management budget, which is the City's General Liability Insurance, shows a decrease in the 1st fiscal year of 8% [from \$3,237,962 to \$2,974,224]. There is an increase in personnel costs and in reimbursements to other departments. She explained that, if insurance money is received because of damage to City property, the insurance money is placed into the General Liability or Risk Management Fund. Staff gives the impacted department credit for that because the City has collected on the insurance.

There is a [\$122,908] decrease in the projection in the 1st fiscal year of the public liability insurance, which is the general liability insurance. The [\$39,292] decrease in the property insurance reflects the transfer of the Workers' Compensation Insurance to the Workers' Compensation Fund. The 2nd fiscal year shows a slight increase [6%: from \$2,974,224 to \$3,138,007] since staff is projecting a slight increase in personnel costs, public liability insurance and property insurance.

The Building Services Fund provides maintenance for all City buildings and shows a 1% increase [from \$5,863,194 to \$5,927,066] due to personnel costs. A 0.1% increase, due to personnel costs, and a slight decrease [\$51,315] in non-capital equipment and improvements are projected for the 2nd fiscal year.

The Fleet Management Fund, the planned purchasing of the fleet, which services all City-owned vehicles and equipment, shows a 1% decrease in the 1st fiscal year [from \$7,501,638 to \$7,414,067]. There is a slight increase in personnel costs [\$69,603] and a decrease [\$171,535] in auto equipment. The 2nd fiscal year shows a [\$2,093,762] decrease due to a significant drop in what staff has currently budgeted for replacement equipment and vehicles.

COUNCILMEMBER CHAVEZ asked if there was a policy change for fleet vehicle replacement and why there is a decrease in the budget.

PETER WEISS, Public Works Director, replied there has not been a policy change in replacement. But, when the mid-year budget is done next year, staff will have a list of those vehicles scheduled to be replaced. It is difficult to predict 2 years in advance which specific vehicles will need to be replaced and what the costs are going to be. So, the number for the next year is the list to start replacing vehicles. For the 2nd year in the budget, there is only a token amount in the budget, but staff will put that list together in 6 months. Next year, in the actual budget, the number will be different. Staff does collect enough money to replace the vehicles.

DEPUTY MAYOR MACKIN asked if this includes the Parks & Recreation van discussed last year. A van is needed for the youth programs out at Melba Bishop Park. The City was going to look into bringing the van into its fleet process. She asked if that ever happened.

MR. WEISS believes it did happen. The van is on order, and he expected delivery within the next 2 weeks.

DEPUTY MAYOR MACKIN asked if the van would continually be placed in the budget.

MR. WEISS said that, along with the new van goes a replacement charge so that when it goes out of service, the department will have paid enough money to have a replacement at some future point.

MS. MCKAY turned the presentation over to Peter Weiss and Barry Martin.

MR. WEISS said staff would highlight a review of the Public Works Solid Waste Budget, part of which Council heard the other night, and additional information regarding the Airport Budget. Then, staff will talk about the Community Facilities Fees, which are those projects Council had prioritized in regards to fire stations and the new Senior Center, and where that money is coming from and what remains. Mr. Weiss will then briefly review the Capital Improvement Projects. Mr. Martin will then review the Water and Sewer

Operating Budgets.

The Public Works Solid Waste Budget is almost \$20,000,000, but the vast majority of the fund consists of a pass-through that the City pays to Waste Management. The City services part of that is approximately \$4,000,000. This includes approximately \$1,400,000 in personnel costs, which includes 21 full-time equivalent positions. The maintenance portion of the Solid Waste Budget is \$656,000. Utility Billing makes up \$611,000, and then there is an administration in-lieu fee, which is essentially a franchise fee that the Solid Waste Fund pays to the City, of \$386,000. There is almost \$1,000,000 in interfund charges that are generated from the Solid Waste Fund; \$300,000 for the storm drain cleaning; \$350,000 for Code Enforcement; and then a new Council approved position that is \$65,000 for the Clean Water Program. This current year is \$4,400,000 for the City part of it, going up to \$4,700,000, which is roughly a \$300,000 increase.

There are 2 distinct portions of the Solid Waste Budget. The first part is the City contract administration, which includes managing the Waste Management contract and the AB 939 portions. There are 2 personnel assigned to that, and the balance of the costs in that program are service charges. In the City services part of it, the City pays for street sweeping, which is almost a \$1,400,000 program. The street sweeping part of it pays for not only the street sweepers but also the parking enforcement that goes along with the street sweeping program. The City spends almost \$600,000 a year for public property clean-up. The City has a crew that manages and maintains the public properties by picking up large items and doing weed abatement on public properties. The City also has landfill maintenance, maintaining 2 closed landfills. The City sets aside funds every year that they have to provide, through the County Department of Environmental Health, for the upkeep of those closed landfills. The administrative part of City services is included as well. Recapping the balance, he repeated that these are costs that the City pays for utility billing, code enforcement, and storm drain cleaning and the Clean Water Program.

DEPUTY MAYOR MACKIN asked if the public property clean-up is done by Waste Management.

MR. WEISS clarified that City crews clean-up public property, including canyons, City owned property, and rights-of-way. City crews perform litter pick-up and large item pick-up on public property. It is distinctly separate from Waste Management.

STEVE JEPSEN, City Manager, requested that Mr. Weiss address the large item pick-up that was an issue as part of the contract with Waste Management.

[Councilmember Sanchez arrived at the meeting at 4:42 PM.]

MR. WEISS said the current contract with Waste Management provides for citizens of the community to have large items (couches, refrigerators, etc.) picked up. Citizens can call in advance of the normal trash pick-up day and put the large item out on the curb, and it is picked up at no charge to the resident. The charges for that are absorbed as part of the overall rate structure with Waste Management. The City is unique in that there is no limit to the amount of large items that can be picked-up. The Integrated Waste Commission is looking into options in that regard and how to make it a little more fair as it relates to who benefits from large item pick-up and who places the demands on those services. The City also has a provision with Waste Management so that they do standard runs through target areas to keep the community looking better. Waste Management will go through alleys and just pick up any large item that is out in the alley, to avoid having people call in. Staff is aware of certain neighborhoods where the residents do not call in and will leave the items out on the street, in the alleys, on private properties, etc. Waste Management will pick them up just to get them out of the way.

DEPUTY MAYOR MACKIN recalled discussion at the Integrated Waste Commission with regard to this. The City pays \$800,000 to \$900,000 for the all-over pick-up.

MR. WEISS confirmed that it is almost \$900,000 per year. The Waste Commission

is looking at options. They are finding that there is a disproportional amount of pick-up of large items from multi-family complexes. They are looking for ways to balance the benefit to the average citizen to what is now a disproportionate benefit to some other areas. The large items in the alleys will continue to be picked-up, since it is difficult to attribute the item to a specific address. Staff is concerned that, if the City comes down too hard on people regarding large items, it will result in driving up the City's public property clean-up because the large items will end up in the canyons and alley ways.

Continuing his presentation, Mr. Weiss noted that at the Council's prior budget presentation, staff presented an overview of the Airport, but he wanted to highlight some items since it was mentioned that the airport makes less money than it spends. This is in fact the case. The total expenditures for the Airport are approximately \$450,000 per year. This includes \$125,000 for personnel; \$166,000 for fuel and ongoing maintenance issues; the interfund service charges [\$80,316]; and the debt service [\$79,000], which is what the City is paying for the new hangars. The total revenue for rent is \$371,000, so there is a significant difference between revenues and expenses. In the absence of building new hangars or renovating the existing hangars, staff will be looking at increasing revenues to fund the shortfall of almost \$80,000. Council will be asked at the June 7th Council meeting to approve increases to the hangar and tie down rents to generate additional revenue to balance that budget. The fund itself is in the hole, based on prior loans that were made to that fund. If the Airport ever realizes a profit, those loans will be paid back to the City's General Fund.

Referring back to the Solid Waste budget, **DEPUTY MAYOR MACKIN** asked for confirmation that the City is paying almost \$1,500,000 to pick up garbage that people dump on public property or as a service to the citizens.

MR. WEISS confirmed that between what the City pays Waste Management for the large item pick-up and what the City pays for public property clean up, the cost is almost \$1,500,000.

Returning to the airport budget, **COUNCILMEMBER CHAVEZ** noted that the old hangars are providing revenues of \$102,000. He asked how many hangars that represents.

MR. WEISS said there are currently 25 hangars.

COUNCILMEMBER CHAVEZ asked for the quantity of the new hangars, and **MR. WEISS** said there are 11 new hangars.

COUNCILMEMBER CHAVEZ said obviously, new hangars demand a higher rent than the old hangars.

MR. WEISS said the new hangars are currently almost double the rent of the old hangars.

COUNCILMEMBER CHAVEZ said some pads are being used as temporary tie downs. He asked what the quantity of additional hangars would be if hanger structures were installed there.

MR. WEISS replied 10.

COUNCILMEMBER CHAVEZ repeated that they could have an additional 10 hangars. He asked if the intent was to tear down the old hangars.

MR. WEISS said the original plan was to systematically replace old hangars with new hangars once the new hangars were built.

COUNCILMEMBER CHAVEZ noted that, if hangar structures were installed on the pads now used as temporary tie downs and rents were charged, the budget shortfall of \$79,000 would almost disappear.

MR. WEISS said that is correct.

DEPUTY MAYOR MACKIN asked how much rent is charged for each hangar.

MR. WEISS said the new hangars are anywhere from \$700 to \$900 per month. The rents will be detailed out for Council on June 7th.

DEPUTY MAYOR MACKIN asked how much rent is charged for the old hangars.

MR. WEISS said right now, the rent is anywhere from \$300 to \$450 per month.

Continuing with his presentation and addressing the Community Facilities Fund, **MR. WEISS** said that in prior years Council had prioritized a number of projects that are rapidly moving forward. The projects will be funded by General Fund Reserves in addition to some of the development impact fees.

Currently, the City has a Healthy Cities Reserve of almost \$10,000,000. That number will be going up based on the City's overall budget. Council has allocated a percentage that will be set aside and is not being allocated at this time. The balance of the reserves includes \$18,000,000, which is made up of \$5,500,000 for the Capital Improvement Projects; \$4,000,000 for economic stability; \$8,000,000 for infrastructure; and a balance of approximately \$500,000 in overall unallocated funds.

The reason that the overall unallocated fund amount has decreased from prior years is due to the expenditure of unallocated funds in past years. The following partial list represents expenditure of the Unallocated General Funds over the last year:

- \$750,000 for the Arroyo Winterization
- \$1,000,000 set aside for the Arroyo Litigation
- \$1,300,000 for the land acquisition for Fire Station 1
- \$600,000 to what is now Temporary Fire Station 8
- \$1,100,000 over the last couple of years for the El Corazon original plan, the EIR that is moving forward and additional support for the El Corazon Committee

That totals to roughly \$5,000,000, but the actual total spent from the Unallocated General Fund is closer to \$9,000,000. This is just the highlights. Council has roughly \$18,000,000 available to build things. Staff has identified for Council those funded priorities that are available from the \$18,000,000. Those total up right now to just over \$17,000,000. Council still has some flexibility. As he shows Council what is unfunded, Council's flexibility starts to get eroded rather quickly.

Phase 1 of the new Senior Center is moving forward. The grading will start by June 2nd, and the dirt will go to River Park. The building plans have been submitted for plan check. Staff will be going out to bid later this year, and a contract will be award by this time next year to construct the building. The \$2,500,000 is just the General Fund portion.

There are outstanding issues with the old Police Department and the Emergency Operating Center (EOC) going in at 1617 Mission Avenue. Fire Station 7 is moving forward and is in plan check. Staff will be coming to Council to call for bids in the next 60-90 days.

The Mance Buchanon (River) Park is moving forward and is an expensive park. Approximately \$1,000,000 in General Funds will be required to build the park as designed.

Staff has allocated \$1,500,000 to the upgrade of the financial software platform and \$1,500,000 for the Fire Training Center.

The \$1,000,000 challenge grant for the Art Museum will be allocated from the Redevelopment Funds.

As Council reviews these expenses, he asked them to keep in mind that it is a little more than \$2,500,000 for the Senior Center alone, and based on Council's discussion the

other day, the Airport Economic Study and legal opinion costs are included. Staff has added \$25,000 to that, based on the issue of whether or not the City has the legal ability to close the airport, whether it is today or 15 years from now. In talking to Assistant City Attorney Hamilton, staff recommends additional funding since, regardless of Council's decision, someone will disagree based on commitments the City made to the FAA. Staff believes that an outside legal opinion from someone with an airport and FAA background is needed. Such a person has been identified and, if necessary, will be able to issue a legal opinion on whether the City even has the ability to close the airport.

COUNCILMEMBER CHAVEZ said Mr. Weiss referred to an \$18,000,000 balance in the reserves, which is a different number than in Council's books. He asked if this is an updated number.

MS. MCKAY clarified that Mr. Weiss is using the current fiscal year reserves and balances in the General Fund, and she has updated those figures for next year.

MR. WEISS said the only number that should be different is that \$500,000.

COUNCILMEMBER CHAVEZ asked if these are 2005-2006 funds.

MR. WEISS said Ms. McKay's bottom number is a little different.

MS. MCKAY said the only one that is actually changing is the Healy Cities Reserve and the Unallocated General Fund Balance.

COUNCILMEMBER CHAVEZ recalled that Unallocated General Funds for 2005-2006 was \$10,600,000.

MS. MCKAY confirmed that was the amount at the beginning of the fiscal year. It is currently at \$700,000.

COUNCILMEMBER CHAVEZ concurred and said next year \$1,600,000 is budgeted. There was \$10,000,000, and now Council is looking at a significantly smaller number.

MS. MCKAY answered affirmatively.

COUNCILMEMBER CHAVEZ said he is concerned about the smaller balance for the Unallocated General Funds. Fire Station 7 is \$8,000,000; Fire Training Center is \$1,500,000; Fire Station 1 is \$2,000,000; and, that is \$11,500,000 of the \$17,000,000. He asked if a study had been completed to find out appropriate locations to place fire stations.

MR. WEISS would have to defer to Interim Fire Chief Dunham. Council commitment was to move forward on Fire Station 7. The City has gone through the entitlement process and is ready to move forward on the construction of Fire Station 7. Council has already allocated funds for Fire Station 1, across the street on Civic Center Drive, and the design is almost finalized. He believed the study may address Fire Station 8 and others.

INTERIM FIRE CHIEF ROB DUNHAM said the 4-5 month study is just beginning. It will not be available for a significant amount of time.

COUNCILMEMBER CHAVEZ asked if the study would provide any information to assist Council in making these decisions.

INTERIM FIRE CHIEF DUNHAM answered in the affirmative, stating the study will provide information as to where the stations need to be, how many stations are needed and how they need to be staffed.

COUNCILMEMBER CHAVEZ said his issue is that Council has already allocated funding and now there is a study that is either going to validate Council's decision or

reposition the direction Council is going. He wondered about the timing and how it was all working.

MAYOR WOOD asked if staff is meeting with surrounding cities to discuss new fire stations in areas that might be mutually beneficial.

INTERIM FIRE CHIEF DUNHAM answered in the affirmative. The main thrust of the study will be a regional approach to fire station construction, whether shared facilities are a viable concept or if cities should be building individual stations. He believes that shared facilities will be in the future. Fire Station 7 is in the core of the City and he does not expect there to be a change of emphasis on the station where it is being moved.

COUNCILMEMBER SANCHEZ asked if the City is in the process of replacing Fire Station 1 and **MR. WEISS** answered in the affirmative.

COUNCILMEMBER SANCHEZ asked if the City went forward with the site indicated.

MR. WEISS said the City has purchased the property.

COUNCILMEMBER SANCHEZ asked if there is any other land owned by the City, west of I-5, where Fire Station 1 could be located.

MR. WEISS said there is undoubtedly additional land but the intent was to purchase this property for the fire station. Staff has met with the Fire Department and the design is moving forward.

COUNCILMEMBER SANCHEZ said nothing would change with respect to Fire Station 1 or Fire Station 7.

MR. WEISS said he did not believe so, but the Chief might have some additional comments.

INTERIM FIRE CHIEF DUNHAM said the study will not show any real change for either Fire Station 1 or Fire Station 7. Fire Station 7 will cover the core of the City and Fire Station 1 will cover the downtown area. Whether it be moved a few blocks one direction or another would not impact the study.

COUNCILMEMBER SANCHEZ said for the last 4 or 5 years she has requested a strategic plan for the Fire Department. It is within the last 7 or 8 months that there has been movement and it has been quantum leaps. Unfortunately, the City did not plan the infrastructure or the needs for the Fire Department. Previously, the City may have been able to pay for infrastructure through developer impact fees, but this did not happen. So, now if the developer does not pay, the residents must. The City is not in a position not to provide fire protection for its residents; it is a basic service. She does not see how the City can avoid this cost. The City cannot go back and try to pick up the costs for development from those that developed. She asked if there was any other way the City can pay for this.

MR. WEISS said Council does not have many options as to how to pay for it at this point. The funding for all of Council's projects come from multiple funding sources. With the construction of Fire Stations 7 and 1, the developer fees, as they relate to buildings, will be exhausted for some time. The same is true with parks. As those developer fees are collected, the City is obligated to contribute a certain portion of other funding sources. He does not see that there are any options in regards to the fire stations.

COUNCILMEMBER SANCHEZ said the question was posed to the City Attorney's Office of whether or not the legal issues of the airport, having to do with closure now or later, could be accomplished in-house. She feels that an economic analysis of the land is a higher priority than the legal analysis. She asked if a study by an outside consultant is really needed.

CITY ATTORNEY MULLEN replied that his office could prepare an opinion, if that is the pleasure of the Council. To the extent that Council would like staff to consult with FAA attorneys who are experts in that field, he felt that would be valuable to that analysis. However, his office could prepare an opinion independent of that, if that is Council's desire.

COUNCILMEMBER SANCHEZ said she would want the City Attorney's Office to prepare a legal opinion in-house.

COUNCILMEMBER CHAVEZ asked for clarification. He said for 2006-2007 that the Fire Department Budget, General Fund, is \$21,400,000. He asked if the \$11,500,000 is a portion of that or is it something separate.

MR. WEISS replied that it is something separate.

COUNCILMEMBER CHAVEZ said the General Fund Budget for the Fire Department is \$17,000,000, and with the JPA investment next year, the Fire Department Budget will go up to \$22,500,000. That is a good jump, plus, the additional \$11,500,000, and Council has not received any of the studies. He is concerned as to how all this is tying together with the JPA, the fire stations and the studies. It seems that a study should be received before Council starts making expenses of this magnitude.

CITY MANAGER JEPSEN pointed out the significant increased costs of facility construction over the past 2 years. Additionally, funds are down slightly from what Council had available for a variety of reasons. Mr. Weiss mentioned the Arroyo litigation, Fire Station 8, and the property purchase for Fire Station 1. Some of those costs were anticipated. Mr. Weiss is projecting that the City would sell some previously declared surplus property to make up the difference in funding necessary for the City to meet obligations for the Senior Center, Fire Station 7 and Fire Station 1, which are the major cost items.

MR. WEISS expanded that those properties are located along Pala Road and were acquired for the flood control project. The properties were no longer needed and declared surplus. Staff reviewed the properties potentially for a housing project. Given the Housing Department's push is for La Mision, the acquisition of the Josepho property, and the fact that it is highly unlikely in these areas that the City could do anything other than what the surrounding community is now, which are single-family homes. Through housing, they would want to increase density. Staff will ask Council in June to approve the Request for Proposals (RFP's) for the properties.

COUNCILMEMBER SANCHEZ said the Fire Department has good leadership. There were several suggestions given at last Thursday's meeting regarding whether specific positions should be funded. She would opt for not funding another Chief. The City has someone who is competent and seems to be taking the department to where she was hoping it would be, which is looking at the City's future needs and being realistic about how to get there and plan for it. Her direction would be to not fill another position and save some costs. There were several requests for additional positions in dispatch made by Councilmember Feller. So, her direction would be that Council stay as is with the Fire Department, and then they can shuffle some of those costs to another position. After Thursday, she had received a request for 1 anti-gang police officer. This was a big issue this past year. She does not want to go back to that this coming year.

MR. WEISS next presented and reviewed a list of unfunded projects that Council had identified as priorities.

The 1st one is the San Luis Rey River federal cost share [\$1,000,000]. The City currently has an agreement with the Army Corps of Engineers obligating the City to pay 25% of the construction costs. The Corps of Engineers is now moving forward and hopes to have an Environmental Study completed in order to begin the clearing of the river. They have put the City on notice that they are expecting the City to pay its 25% share. He recalled that Congressman Issa stood before Council and said this is a federal problem and the City should not be burdened. The Corps of Engineers is letting the City know that they

expect the City to be burdened. Staff has spoken to Congressman Issa's office and reminded his staff that the Congressman made that commitment. If the Corps of Engineers gets funding, there is a potential that they will ask the City for that cost share. Staff is showing that expense as a placeholder because currently no funds are available. Staff would need to identify funding, either through some of the drainage fees or some other opportunities. Staff has set aside \$350,000 in this current year's budget for the maintenance. There will be some funds available to initiate the clearing, in cooperation with the Corps of Engineers. If the Corps of Engineers does not get their permits in place, staff will return to Council in September requesting Council to issue the permits and do it ourselves, as they did last year.

The 2nd phase of the Senior Center is currently identified as unfunded [\$5,500,000]. The development of El Corazon will occur in incremental steps. Council has funded the environment study. The Environmental Impact Report (EIR) will be near completion next year and the El Corazon Committee will need additional resources, either to prepare RFP's or economic studies. The Chair and Vice Chair of that committee are here. They had a meeting last night. There is some concern about allocating additional funding to them. Council is limited, based on previously established priorities.

The Safety Center (\$40,000,000-\$60,000,000) is a large item that will probably require some type of bond, similar to that done by Escondido. There has not been any type of funding identified for the Resource Centers or permanent Fire Station 8 [\$5,000,000].

The other item identified for Council is the issue that arose regarding Citywide master planning, which is roughly \$150,000 per area, or \$2,000,000 for the entire City.

As Council wants to fund some of these items, Council will have to balance the budget with alternate funding sources or change the priorities of funded projects.

As a side note, **CITY MANAGER JEPSEN** said Fire Station 1 is a replacement station. Although Fire Station 7 is a replacement station, it is not a permanent station. Redevelopment funds might be used for Fire Station 1, if the nexus can be identified. Certificates of Participation (COPs) can be used for replacement of existing facilities. However, the annual debt service payment and the operational funds would be impacted. He noted that Fire Station 1 probably would not be under construction for 2 years. Certificates of Participation were used with the replacement of the police facility.

COUNCILMEMBER SANCHEZ said the City also has the push factor for the Museum of Art because they are anticipating construction costs. This is something that will require a lot of coordination. There is also the real factor that the costs are going up. She does not know how long the City can wait on something like that, but there is that added push from the Museum of Art.

CITY MANAGER JEPSEN said their next phase for the Museum of Art is to expand into what is now the parking lot area between Fire Station 1 and the existing Museum. The phase following that could not occur until Fire Station 1 has been relocated. A great deal of coordination will be required. Council has signed an agreement with the Museum of Art that provided for the \$1,000,000 challenge grant to help move them into the 1st phase expansion. That will be coming back to Council next month.

MR. WEISS next reviewed the Capital Improvement Program (CIP). Various projects in the process were highlighted. The purpose of the CIP is to provide for the construction and stewardship of the infrastructure essential for delivery of services according to the General Plan. The CIP before Council has been through a lengthy process that starts with the City advertising for projects to the community and getting ideas from prior Council action or direction and staff ideas. Then staff reviews those projects to determine which are eligible for funds. The projects are then presented to many commissions, culminating in a Council Workshop and ultimately the CIP is adopted. In order to be eligible, the projects need to be part of the General Plan Elements or the Master Plan of the City. Some of the major projects for this past year were the opening of

the new Downtown Parking Structure and the North Coast Highway Gateway Project is under construction. The 1st two phases of the Coastal Rail Trail are completed and the Garrison Creek Detention Basin is now complete. The Dog Park is under construction and should be completed within the next 6 weeks or so.

The CIP that is before Council has some major projects. Staff plans to award a construction contract and start work on the Pacific Street Bridge over the San Luis Rey River. There have been some benefits in regards to some of the experienced delays. The Federal Cost Share Percentage is up from 80% to 88.37%. Even though the construction costs went up, the City's costs have stayed the same. They also plan to move forward with raising College Boulevard at Buena Vista Creek, a project identified several years ago.

Regarding the College Boulevard improvements, the area going north from Vista Way, that is now an open ditch, but it is going to be closed over as the 1st phase. A Gateway Landscaping Project will follow that. Also, staff has begun the environmental study for the extension of Pala Road, between Fousat Road and the Los Arbolitos area.

In Parks, the grading is starting for Mance Buchanon (River) Park. Staff will come to Council later this year to go out to bid to actually build the park portion itself (fields, lights, restrooms, picnic structures). The design for Buddy Todd Park, Phase 1, is approximately 80% complete. They expect that later this Fall they will ask Council to go out to bid for the Buddy Todd Park construction. At their last meeting, Council awarded the EIR contract for El Corazon, which will take some time to complete.

MR. JEPSEN asked for confirmation that the original estimate for the Mance Buchanon (River) Park was in the range of \$8,000,000 to \$9,000,000.

MR. WEISS said the original estimate was roughly \$8,500,000.

MR. JEPSEN said projected costs for that park are now are \$12,500,000. Projected costs have increased quite a bit over the past 2 years. This generally reflects the cost of construction, although that will be a significant park. As Mr. Weiss has indicated, for El Corazon, \$1,100,000 has been the General Fund contribution committed to date. As they look at that park going forward, they will have to get creative in terms of advancing funds so that the infrastructure and some needed improvements can begin as they figure out how they are going to move forward to deal with the 50 acres of commercial property and then how that contributes toward the overall development of the rest of the park.

MAYOR WOOD asked if the State Funding through Proposition 42 for parks could potentially be used for El Corazon.

MR. WEISS did not think the City has submitted any grant applications through the proposition for El Corazon at this time.

DEPUTY MAYOR MACKIN said it is her understanding that the El Corazon panel is not coming forward with a tin cup; they are coming forward with a bucket. They are looking for money. As far as the Mance Buchanon (River) Park construction, it is her understanding that there is a decent size NFL grant available.

MR. WEISS has not personally heard about it, but he will check with staff as to what grant opportunities may be available.

MICHELE SKAGGS-LAWRENCE, Assistant to the City Manager, said that staff is in the process of assessing the application to see if it might fit.

DEPUTY MAYOR MACKIN knows that there are grants available for El Corazon that should be pursued as soon as possible. A couple of departments have been quite aggressive in seeking grant funding. She would like to see that for El Corazon. She asked if any grant writers were put on the panel.

MS. SKAGGS-LAWRENCE did not believe so.

TYRONE MATTHEWS, Chairperson of the El Corazon Oversight Committee, introduced Diane Nygaard, Vice Chair. Deputy Mayor Mackin correctly stated that the Committee would be coming to Council not with a tin cup, but rather something more akin to a bucket. However, they are not seeking charity. The project of El Corazon will leave a lasting legacy for Oceanside residents. The City Manager correctly stated that the Committee must be creative in the manner in which it moves forward in this initial stage, especially with regard to advancing costs that are going to be required and creating a structurally sound infrastructure so that they can go forward in seeking grants and alternate sources of funding.

Regarding the pursuit of grants for El Corazon, it is very difficult at this early stage to seek grant money because thus far all they have is pretty paper and colors. In his estimation, a serious commitment to move forward with El Corazon has not been demonstrated absent an EIR and the process they are engaging in right now. Part of the reason that grants will not be available for the large park aspect of this project is that they do not know what this park is going to look like. Many factors will determine the shape and cost impact of creating the park at El Corazon. It is a difficult time for El Corazon because right now the City and Council are not seeing any return on the project. Council is being faced with requests for funding, but that is where the Committee is and where they need to be right now. He wanted to emphasize that they are operating with the assumption that this project will be as self-sustaining as possible. However, it will require an initial outlay of funds, which is likely to be significant.

DEPUTY MAYOR MACKIN expressed appreciation to the El Corazon Oversight Committee for their hard work. She knows that most grant applications require a complete EIR, and the EIR has not really started for El Corazon. She agrees that the park must be self-sustaining. She appreciates the need for start-up costs and hopes that Council can identify funds.

DIANE NYGAARD, Vice Chair, El Corazon Oversight Committee, spoke on behalf of the Committee, saying that they appreciate, as does the entire community, the support from the Council on this project. They know how much the community is concerned about the park, because committee members are constantly asked about it. The Committee wants to build it as soon as possible, but they want to do it right and know they need an infusion of up-front money. She had a conversation with the City Manager 5 years ago regarding the Collins property and how the City had to invest funds to develop that site in order to get the most possible money out of it. That is what they are talking about with El Corazon. They need to make up-front investments so they can do the job right and get the best revenue for the City. There are a couple of areas in the budget where the financial plan for El Corazon assumes some financial support from the City. The Park Master Plan shows a park at El Corazon, and a proportionate share of those funds were assumed to be allocated to El Corazon to help support that park.

The Committee expressed concern and wanted to make sure that not all of the impact fees are spent and that it is not forgotten that some of those were supposed to be for El Corazon. She thinks the same thing with the general reserve funds. It is the kind of thing where investment up front will help. They know that they cannot apply for grant funds without having matching funds available. Somehow, in order to leverage those additional dollars, the Committee will need to have matching grant funds secured before they can go forward with a grant. They would just ask Council to consider all of those things as they make the very difficult decisions about the budget.

Continuing his presentation, **MR. WEISS** said part of the CIP for buildings includes the construction of the El Corazon Senior Center, Fire Station 1, Fire Station 7, and the Harbor Aquatic Center.

Currently in the CIP, funding is available for the traffic signals identified, which include Mission Avenue and Cleveland Street, Coast Highway and Eaton Street, Mesa Drive and Robinwood Drive, Vista Way and Buena Hills Drive, Melrose Avenue and Sagewood Drive, and the College Boulevard Adaptive Signal Project, which is an attempt to improve

the capacity of College Boulevard by changing hardware and software for the entire signal corridor. With those projects, there will not be any additional funding available for new traffic signals, based on revenue projections based on the amount of development, for at least the next 5 years. They have constructed a number of signals over the last several years, which have essentially taken that account to a point that there will be inadequate funding from the developer fees to build any additional signals for the next 5 years.

Some of these signals are currently being looked at based on the independent traffic review. However, they are still shown as being funded, pending the review, which will be looking at the technical adequacy of the plan. So staff will be moving forward upon completion of that review with some of these signals. There will still be additional signals to be built, if they are required to offset impacts from a new development. Those developers will have to build the signals. In some cases, they will be part of the City's signal plan, and in some cases they may be additional signals. The Council's ability to allocate resources to signals will be very limited for at least the next 5 years.

DEPUTY MAYOR MACKIN stated that when looking at the Coast Highway and Eaton Street signal, the developer had told her that they paid for this signal since the project is conditioned with this signal. She asked whether the signal will still stay there, if the project does not go in.

MR. WEISS said last December, Council awarded the construction contract for that signal. That contract is on hold right now. Council awarded both the construction of the Coast Highway and Eaton Street and Mesa Drive and Robinwood Drive signals. Council has a valid agreement with the contractor to build these signals.

DEPUTY MAYOR MACKIN said that, when Council discussed the signal budget, she did not remember hearing that there would be no funding available for traffic signals during the next 5 years.

MR. WEISS explained that, as part of the CIP preparation, staff projected the number of permits that would be issued, the amount of money coming in, and the number of proposed signals. Over the last several years, Council has proposed at least 6 traffic signals that cost approximately \$140,000 each. This is a significant outlay of money for any number of signals. Over the last 2-3 years, a lot of money that was sitting in the bank was used to build traffic signals. With the amount of money coming in to build new signals and the amount of projected development, the City will not be raising \$140,000 in developers' fees to build new traffic signals.

DEPUTY MAYOR MACKIN asked if that was true even with the increase in development fees.

MR. WEISS answered in the affirmative.

COUNCILMEMBER SANCHEZ reviewed that there were promises made to the Peacock Hills community on Oceanside Boulevard having to do with change-outs of the lights and putting on the pedestrian timing system for crossing the street. She asked the status of that, and she had understood they were going to do that in other parts of the City.

MR. WEISS said the City has received a grant for the Peacock Hills area improvements. The study that identified those improvements was done by Cindy Watson and is being reviewed by the independent traffic consultant. If after review, that project moves forward, the City has received a grant for \$120,000 to be used for those improvements. Pending results of the review, staff will be moving forward or making recommendations to change it.

COUNCILMEMBER SANCHEZ said there were promises made that the countdown timers would also be placed in other locations throughout the City.

MR. WEISS said the only other area he is aware of where there was a

commitment to do the countdown timers is in the downtown area. In talking to Redevelopment, the countdown timers would be included in the downtown enhancements and improvements. There is still a plan to do those. He did not have a defined schedule for installation in the downtown area, but those were anticipated to be done with the signal re-do downtown.

DEPUTY MAYOR MACKIN asked if the countdown timers are part of the Walkable Communities Plan.

MR. WEISS answered in the affirmative. If Council has constituents in other areas who have indicated there was a commitment for countdown timers in other areas, please let staff know.

MAYOR WOOD referred to the College Boulevard adaptive signal project and said there were some recent delays. He asked if that project was still going forward. He noted that would involve moving the traffic about 40% easier.

MR. WEISS said staff sent Council a memorandum outlining the location of those projects. One of the issues with the adaptive program is that the City has not completed an existing-condition study to look at what the delays are along the corridor and what benefit the City would derive by doing the adaptive program. Staff will be doing a Request for Proposal (RFP) to traffic consultants to do that study and then model it with the adaptive signal system. Staff had received proposals from 2 vendors to provide the City the hardware and software to do the adaptive program but staff had not done a study to identify the actual benefit. Staff will start with the study and then return to Council with an RFP and award the study part of it. Staff will then look at the benefit of doing the adaptive program. Costs from the vendors are roughly \$600,000 to \$700,000. In answer to Mayor Wood's question, the adaptive program is moving forward.

Mr. Weiss next identified existing water and sewer projects, including the San Luis Rey Wastewater Treatment Plant Expansion, the Weese Water Filtration Plant Expansion, the Mesa Garrison Force Main and the Outfall Project. These projects are moving forward right now. New projects include a new waterline from Old Grove Road to College Boulevard down to North Santa Fe Road and the Loretta Street Water Line Replacement across the river. Last week, Council received information from staff regarding the Loma Alta Lagoon Enhancement, the Peacock Hills Regulating Station and the upgrade of the Buena Vista Lift Station. This highlights the key projects in the CIP. A number of additional projects are moving forward. There are very few new projects, other than the ones listed, and are primarily the building projects. Staff will be maintaining and trying to enhance the pavement management projects so staff is continually redoing the streets.

Referring to the CIP, **COUNCILMEMBER CHAVEZ** stated that the Police Firing Range, currently located at the Water Treatment Plant, will either be enhanced or moved to Camp Pendleton or Carlsbad. He asked for the funding source and if there was a placeholder for this expense.

MR. WEISS said there is no placeholder for significant improvements to the range as it currently exists at the Treatment Plant.

COUNCILMEMBER CHAVEZ asked if there is any money set aside to move the range to either Camp Pendleton or Carlsbad. He asked what would be done with the range.

MR. WEISS said that in the CIP there is no significant money identified for the range.

CITY MANAGER JEPSEN stated the Police Chief has been working with Captain Herring on the Camp Pendleton alternatives. Camp Pendleton is interested in developing a facility. It probably would be a situation where the City would be charged a fee and officers would need to schedule time.

POLICE CHIEF FRANK McCOY said at this time it is unknown what fees would be associated with moving the range to Camp Pendleton. Their presentation to Council about 2 months ago indicated some type of service fee for the City to utilize the range. If any improvements were needed and the City participated in those improvements, those moneys paid would be used as part of the fees for service until those monies were gone. Staff did not budget anything in the Police Department Budget for any costs for the range or services because those costs are unknown.

MAYOR WOOD just spoke to Major General Leonard 2 days ago and Colonel Coleman from Camp Pendleton. Some of the delays regarding the firing range are due to Colonel Coleman's retirement. However, Major General Leonard is staying, and has indicated that this is still an ongoing project, which he supports.

The City brought this concept to Camp Pendleton as a joint use project for both of their benefit. Everyone agreed. Then a couple of United States Senators and a United States Congressman became involved and thought it was a great idea. Now they want to fund it. The City was ready to fund it and do all the work. Then the federal government stepped in and took over the project. The City is concerned about the availability of the federal funding and how quickly it will be received. The City certainly wants to work with the federal government. Camp Pendleton indicated that the range could be used at any time as is. However, the General indicated that he would be getting back to the Mayor this week with more information on that project. The Mayor had recently talked to staff about making sure that the existing range could be used on an emergency basis. The Mayor also told staff that he would like to talk to Carlsbad as a backup plan.

COUNCILMEMBER CHAVEZ said it would be prudent to put a placeholder somewhere in the budget because there will be a cost for the firing range, regardless of its location.

CITY MANAGER JEPSEN said the City had some preliminary figures for additional mitigation to the existing site.

MR. WEISS said the total figure was approximately \$140,000, which included the additional sound attenuation walls. The height of those walls was raised, and some additional improvements were made.

MAYOR WOOD believed it was closer to \$180,000 for additional fees and that is what brought up the concerns that at the end of \$180,000 they could still be in the same situation and could that money be used at a another location, such as Camp Pendleton or any other facility.

CITY MANAGER JEPSEN said staff would go back to the Community Facilities Budget and put a placeholder in there; however, that means they would have to take something out elsewhere.

DEPUTY MAYOR MACKIN would support that because the City needs to make it as quiet as possible for the nearby neighbors.

BARRY MARTIN, Water Utilities Director, presented the proposed 2006-2007 and 2007-2008 Proposed Operating Budgets. Council is aware of the rigorous process that staff goes through on the CIP and Water Operating Budgets. The Utilities Commission breaks down into committees that analyze the budget, page by page. The budget has been well reviewed, and the Utilities Commission is recommending that Council accept the budget. In the Water Division, there is a beginning fund balance for both years. The bottom line is that there are enough revenues to cover expenditures for those 2 years. There is an ending fund balance of \$26,000,000, but a lot of this money is used to finance the Capital Improvement Projects. Between water and wastewater, the Operating Budget is \$60,000,000 and approximately \$30,000,000 is for the Capital. He emphasized that Oceanside has the 3rd largest water utility infrastructure in San Diego County.

In the budget under "Purchased Water and Chemicals," it shows how much the City

budgets to purchase water from the San Diego County Water Authority [\$18,434,500 in FY 2005-06], who in turn buys it from the Metropolitan Water District. Water costs are going up [to \$19,260,000 in FY 2006-07] because of additional water that the City has to purchase, and the price of water went up. Council authorized a pass-through increase to cover those costs before the end of last year. Therefore, they are covered as far as revenues.

Another large impact is the general liability insurance [increased from \$147,141 in FY 2005-06 to \$502,068 in FY 2006-07], which has increased for everyone. These are the 2 sizeable expenses.

For the 2007-2008 Budget, the water price again increases to \$19,650,000], and the general liability insurance has leveled off a little bit [at \$529,723] because of the large increase shown for FY 2006-07.

Under the Waste Water Division Budget, there is a beginning fund balance of \$5,200,000 in FY 2006-2007. Looking at the revenues versus the expenditures, in 2006-2007, there is an ending balance of \$2,600,000. Rolling that forward, by the end of next year they are getting down toward the bottom [\$4,779]. The reason is that the Citizen's Advisory Committee needs to look at the budget and the rates. This process will take approximately 1 year. Staff will return to Council next spring, after reviewing all of the analysis, which includes a financial plan, to ask for a rate increase.

Equipment Maintenance and Repair is largely at the San Luis Rey Wastewater Treatment Plant, where the expansion of the plant has been completed. A lot of the equipment is past the warranty period [resulting in a budget increase from \$858,110 in FY 2005-06 to \$1,340,774 in FY 2006-07]. The City grew by 900 pieces of equipment out at the San Luis Rey Wastewater Treatment Plant, and that equipment needs to be maintained. The City cannot afford to go out of compliance or have any spills. Another large increase is in electricity, which has increased by approximately \$300,000. This increase is due to the increase of electric costs, and the electric bill in the wastewater division is very high.

In 2007-2008 a lot of the impacts and increases are due to the increased cost of petroleum. Many of the products used in the plants are petroleum-based chemicals. Hopefully, petroleum costs will level out within the next couple of years.

Regarding vacant positions, they are currently recruiting 9 positions. The Utility Inspector position has been left vacant for now. If the City were to experience a sudden increase of building, staff might ask the City Manager to fund the position. They also have an unfunded Geo-Information System Specialist. Even though that program is growing, staff does not feel that the position would be needed for the next couple of years. A Utility Worker II position is workload required. Staff has requested that this position be refunded so that the vacancy can be filled. There are 2 new positions. First there is the Environmental Specialist II, which has been discussed by Mr. Weiss under the Clean Water Program and which will be funded under "Solid Waste". A Maintenance Worker I position is needed to help maintain the 900 pieces of equipment in the collection system and at the San Luis Rey Plant Wastewater Treatment Plant.

MS. MCKAY said this is the completion of the overview of the departmental budgets and General Fund overview. She asked for Council direction regarding going forward with Decision Packages or bringing them back tomorrow afternoon for discussion purposes.

MAYOR WOOD said a tentative workshop is scheduled for tomorrow and Thursday to address budget issues. The City Manager, Finance and staff have done an excellent job in presenting budget issues to Council. Input from staff, department heads, citizens and Council is needed regarding the budget. The City Manager has put Council on notice that this is a tight budget. Hopefully, as the economic development of the City improves, budget decisions might become easier. Right now, Council will ask the City Manager for input.

CITY MANAGER JEPSEN said Council has 2 more workshops scheduled for Wednesday and Thursday. Staff is prepared to go through the City Manager recommendations and the Decision Points, if the Council would like to do that. Council may want to get public input at this time. Staff could bring back the decision points tomorrow for review. There is enough time to address all remaining issues within the next 2 days. Staff is prepared to go through the Decision Points, if Council would like to do so after public input.

MAYOR WOOD asked if Mr. Jepsen would like each Councilmember to submit verbal or written comments regarding items to add or delete so that Mr. Jepsen can have time to review the comments and determine how they will change the budget. He realizes that the tough part of this is if Councilmembers start changing or moving things around. Council can provide verbal direction now or submit written comments of what each Councilmember would like to see changed or moved. This will give the City Manager time to look at the written comments and come back to Council to explain the impacts of changing the budget. Mayor Wood is asking for input on how to make this operate more smoothly for staff and assist the City Manager in how to proceed.

COUNCILMEMBER CHAVEZ has no problem writing down his thoughts and sending them to the City Manager. It is important to have a full Council present, before discussing the Decision Points.

DEPUTY MAYOR MACKIN also would like to have the full Council present before discussing items important to Council.

MAYOR WOOD asked if anyone from the public or if any of the Department Heads would like to address Council.

CITY CLERK WAYNE said that no one has submitted a request to speak.

MAYOR WOOD asked if any department staff wished to come to the podium on any item. If not, he said this meeting might be adjourned, and Council can come back tomorrow at 4:00 PM and try to address these issues.

MS. MCKAY asked what format Council would like the Decision Points presented tomorrow afternoon. Staff has made notes and there are a couple additional Decision Packages that will be presented tomorrow afternoon, which include the increase in Council's salaries and the addition of a Grants Writer position.

MAYOR WOOD said that as to format for tomorrow afternoon, Council will take it from there regarding Councilmembers on an individual basis and items that they would like to see addressed or moved around. When they take from Peter, then they have to pay Paul or visa versa. He wants Council to be prepared, that if something is moved, how they will handle the trade.

CITY MANAGER JEPSEN said the Finance Director is looking for direction on how to present the Decision Points.

MAYOR WOOD thought it would be easier just to go through the book, and each Councilmember could indicate whether they wished to discuss any Decision Point. He understood that Council's input could potentially change the budget issue aspects. He asked for confirmation that the difference between expenditures and income is \$140,000.

CITY MANAGER JEPSEN said that without some significant change, it was \$140,000 the 1st year and less than that the 2nd year, at \$60,000.

MS. MCKAY said that is correct.

MAYOR WOOD wants everyone to understand that this is a tight budget, and the City has done many things. The public and developers have urged that empty staff positions be filled. There is an impact to the budget when positions, vacant for a long

time, are filled. Now, Council is trying to fill those vacant positions. The City Manager's Decision Points for positions are important. If they look at some of the Capital Improvement aspects, where staff said things are important but there are not enough funds, those need to be considered. Until they start getting the economic development income over the next few years, it will be a tight budget. Council is trying to get the staff level back to where it belongs to provide services to the citizens. Mayor Wood encouraged Council to meet with staff before the meeting tomorrow to have questions answered and get feedback on how to phase things. It would be nice to be prepared for the meeting tomorrow. Council learns as they go through the budget process; it is complicated with many figures.

COUNCILMEMBER SANCHEZ hopes that anything Councilmembers were thinking or if there was something they wanted to support, they actually spoke up during the meetings. She wants to hire a grant writer, at least on a contract basis, because they have several projects beginning. She knows that later on Council will have to figure out operating budgets, but they have commitments to the 2nd Senior Center and El Corazon. Since commitments were made, Council must identify funding sources. Council is working on a long-term plan for the operating budget.

MAYOR WOOD said the thing they have to understand is that there is usually a livelihood and a body attached to budget numbers. It is important to consider all of those factors. Council needs to do what is best for the community and move forward. Council would have more ability to do things if they were not filling all these vacant positions; however, filling vacant positions is a priority, and Council is doing that.

COUNCILMEMBER CHAVEZ agrees that it gets complex. Between the General Fund, the water, the waste, the CIP, the internal and fleet management, it is \$253,000,000. This is a significant sum. He agrees with Councilmember Sanchez that a grant writer would help a lot, and he would like to see that position funded. He would be willing to trade out the Public Information Officer for the grant writer. A grant writer for parks and quality of life issues should be funded. He knows that the Finance System for \$1,500,000 is needed, and it will take 2 years to bring in. However, there should be some savings in that if not next year, the following year.

He questions the \$1,000,000 to go into Regional Dispatch, before the studies. This expense could be delayed. The hottest issue Council has had before them was gang enforcement. He would like to see the 2 positions for officers put back in. The Firing Range should be put in the Capital Improvement Budget. He recognizes that Council has spent down to the bone. Unallocated funds before was \$9,700,000 and now it is \$400,000, which is nearly insignificant considering the size of the budgets.

DEPUTY MAYOR MACKIN understands that Council is to get together with staff tomorrow and discuss concerns.

MAYOR WOOD said yes, if Council has concerns and issues. He would recommend that prior to tomorrow's meeting that Councilmembers sit down with the City Manager, Finance Director or staff and see how a decision or an input item might change the budget.

DEPUTY MAYOR MACKIN said the other night, discussion was held regarding maintenance in the coastal area and how other cities acquire funds for maintenance. She asked if anyone had a chance to check on that and if it were legal.

MR. HADLEY said the City of Carlsbad has initiated, above and beyond their standard TOT, a \$1 a night room tax. However, they have found that \$1 goes to the Downtown Business Improvement District, and it is not allocated to beach maintenance to replenish sand, etc. That money is used to do ConVis type of work and even participate in Countywide ConVis.

DEPUTY MAYOR MACKIN said that when she was at the SANDAG Shoreline Preservation Committee, she was talking with Carlsbad Councilmember Ann Kulchin about

sand replenishment. Everyone was saying how they had worked to try to set aside funding for sand replenishment and maintenance. Councilmember Kulchin said that the City of Carlsbad has a great fund because they charge \$1 per night on hotel tax. That is supposed to go into a shoreline preservation and sand replenishment fund, but they have flexibility and use it for marketing their hotels. Deputy Mayor Mackin thought that, since Oceanside has a pier with many associated maintenance fees, staff and Council need to look at that. Grant funding comes in for rebuilding, but nobody wants to wait until they have to rebuild to seek funding. Staff needs to look at passing those maintenance costs on to people who use the facilities such as visitors who stay in the hotels. Since the City is required by the State to maintain the pier, she would like staff to look into something along those lines. They should get some of it from outside sources. There is \$100,000 for maintenance next year and it would be nice to be able to shift those funds somewhere else and actually have people who utilize the area kick in.

CITY MANAGER JEPSEN called attention to the General Fund, Non-Departmental Transfers, previously distributed to Council. The last 2 columns are 2006-2007 and 2007-2008, and this is where Council has some flexibility in the budget, although it requires trade-offs. He would like to know Council's thoughts on the list. They do have \$230,000 for building deferred maintenance. The bulk of that would go into the maintenance of the Civic Center building. They have some HVAC equipment that needs to be replaced. Moving down the list, they are trying to budget money for replacement of a fire apparatus every year. Historically, this has been done for the last 6 or 7 years.

The place where Council has some discretion is in median landscaping. They did not previously put any money into median landscaping. If Council chooses not to continue with that, that money would be available for operational costs. For the last 6 years, \$100,000 a year has been put into Parks Deferred Maintenance to enhance some of the parks, and staff is recommending that this funding continue. However, Council can eliminate that funding. The budget shows that they are adding \$100,000 per year into deferred maintenance for the pier, which staff probably needs to begin. He suggested that this not be changed. He is not sure that the Public Art has been funded for the last 2 years, although it is shown as having been funded. When the Art in Public Places Fund was set up, it was as funds were available. Regarding the public art at the Libby Lake Center, he thought that was paid for through the Libby Lake Center funding. The others are ongoing costs. Between median landscaping and parks deferred maintenance, there is \$350,000 available, but it would require the City not doing those any more.

MAYOR WOOD said this Council has made decisions in the past that are important to the citizens, which is their quality of life. These are things like beaches, parks, landscaping, and improving the gateways, which all cost money. It is a decision this Council and previous Councils have made. They are looking at funding and filling a lot of positions. These are the people who provide services to all of the citizens. As he talks to people in the community about what they feel is important, 2 conflicting issues arise: economic development and the quality of life. Council is trying to bring in money to provide those quality of life services. The City Manager has put Council on notice on numerous occasions that they have to make the decision on where to spend the money and Council is here to make those decisions.

Regarding median landscaping, **DEPUTY MAYOR MACKIN** said 5 people came up to her at the Operation Appreciation event and said how beautiful the City looks with those improvements. It really makes a statement for the City's image. She would hate to see the median/landscape improvements eliminated. She asked if the City could charge a room tax to fund maintenance of the Coastal Zone Area.

CITY ATTORNEY MULLEN said that, if a tax were set up for a specific purpose, it would in general require 2/3 voter approval. This is what the City of San Diego recently tried to do with an increase to their hotel tax, which failed. If it was set up as a general tax, and the funds were not allocated, there is a possibility it could be done with a majority approval. Based upon Deputy Mayor Mackin's question, it was more of a special tax being contemplated and then applicable law would require 2/3 voter approval.

2. **Public Communication on City Council Matters (Off-Agenda Items)**

MIKE WERNER, 815 Sportfisher Drive, commented about the Oceanside Police Department. He requested that sensitivity training be available to all City employees. He was at Fire Administration the other day, and they do not understand disabled people. He was trying to show the medic alert bracelet that states he is epileptic, and the receptionist stood up and moved, showing that he scared her. She was acting as if he were going to pull out some kind of weapon by pulling back his sleeve. He questions her attitude and felt staff needs training. This is a fire department, and that staff should expect to put up with people who are carrying medical alert bracelets. Later on, he returned to the same building. As he expressed himself, his voice echoed because of the manner in which City Hall is built. Staff called the Oceanside Police Department. Officers were sent and wanted him to leave the building. Staff needs more training for the disabled.

ADJOURNMENT

The meeting was adjourned to an adjourned workshop meeting at 4:00 PM on Wednesday, May 24, 2006. **MAYOR WOOD** adjourned this meeting of the Oceanside City Council at 6:20 PM, May 23, 2006.

ACCEPTED BY :

Barbara Riegel Wayne, CMC
City Clerk, City of Oceanside