ITEM NO. 3

California

CITY OF OCEANSIDE

NOT OFFICIAL
UNTIL APPROVED AT SUBSEQUENT
MEETING BY CITY COUNCIL

JOINT MINUTES OF THE:
CITY COUNCIL
SMALL CRAFT HARBOR DISTRICT BOARD OF DIRECTORS
COMMUNITY DEVELOPMENT COMMISSION

OCTOBER 14, 2009

REGULAR MEETING 4:00 PM COUNCIL CHAMBERS

4:00 PM - OCEANSIDE CITY COUNCIL (COUNCIL), HARBOR DISTRICT BOARD OF DIRECTORS (HDB), AND COMMUNITY DEVELOPMENT COMMISSION (CDC) - REGULAR BUSINESS

Mayor
HDB President
CDC Chair
Jim Wood

Deputy Mayor
HDB Vice President
CDC Vice Chair
Vacant

Councilmembers
HDB Directors
CDC Commissioners
Rocky Chavez
Jack Feller
Jerome M. Kern
Esther Sanchez

City Clerk
HDB Secretary
CDC Secretary
Barbara Riegel Wayne

Treasurer
Gary Felien

City Manager
HDB Chief Executive Officer
CDC Executive Director
Peter Weiss

City Attorney
HDB General Counsel
CDC General Counsel
John Mullen

For this regular and joint meeting, the Council sat as all 3 governing bodies [Council, HDB, and CDC] simultaneously but took action as the respective agency for the jurisdiction covered by each item. Council titles only will be used for brevity throughout the entire meeting.

The regular and joint meeting of the Oceanside City Council (Council), Small Craft Harbor District Board of Directors (HDB) and Community Development Commission (CDC) was called to order at 4:00 PM, October 14, 2009.

ROLL CALL

Present were Mayor Wood and Councilmembers Chavez and Kern. Councilmember Feller arrived at 4:01 pm and Councilmember Sanchez arrived at 4:02 pm. Also present were City Clerk Wayne, City Manager Weiss, and Assistant City Attorney Barbara Hamilton.

CITY COUNCIL, HDB, AND CDC CLOSED SESSION ITEMS

Closed Session to discuss litigation, property acquisition, labor relations and personnel matters

ASSISTANT CITY ATTORNEY HAMILTON titled the item to be heard in closed session: Item 2. [Item 1 would not be heard]

Closed Session and recess were held from 4:01 PM to 5:00 PM. [See the report out on these items at 5:00 PM, Item 3.]

1. **[CONFERENCE WITH LABOR NEGOTIATOR ON STATUS OF NEGOTIATIONS PREVIOUSLY AUTHORIZED IN OPEN SESSION (SECTION 54957.6)**
CONFERENCE WITH LABOR NEGOTIATOR – Negotiator: City Manager; employee organizations: Oceanside Police Officers' Association (OPOA), Oceanside Firefighters' Association (OFA), Oceanside Police Management Association (OPMA), Management Employees of the City of Oceanside (MECO), Oceanside City Employees' Association (OCEA), Oceanside Fire Management Association (OFMA), Western Council of Engineers (WCE), and Unrepresented]

No closed session held

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

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (SECTION 54956.9(a) City v. Dow Chemical Company et al, San Francisco Superior Court Case No. CGC-05-439807

Discussed; no reportable action

5:00 PM – ROLL CALL

Mayor Wood reconvened the meeting at 5:03 PM. Present were Mayor Wood, and Councilmembers Feller, Kern, Chavez and Sanchez. Also present were City Clerk Wayne, City Treasurer Felien, City Manager Weiss and Assistant City Attorney Barbara Hamilton.

INVOCATION – Pastor Carl Souza

PLEDGE OF ALLEGIANCE – team members

PROCLAMATIONS AND PRESENTATIONS

Presentation – "Pet of the Month" presented by Elkie Wills, Communications Coordinator for the North County Humane Society & SPCA
Proclamation – honoring Tom Morrow
Presentation – Mayor's Youth Sports Recognition and Appreciation Award –Oceanside Breakers soccer– boys under 10
Presentation – Employee Service Awards:

20 year award	Department	Hire Date
Lee A. Steitz	Police Department	07/02/1989 [absent]
Mac Bernales Jr.	Public Works	07/23/1989 [absent]
Colin J. Brust	Public Works	07/23/1989 [absent]
Johnny Lara	Harbor & Beaches	08/14/1989
William J. Berry	Water Utilities	08/20/1989
Richard Francis	Harbor & Beaches	06/18/1989

25 year award	Department	Hire Date
Martha G. La Porta	City Attorney	07/09/1984 [absent]
Joseph E. Spurgeon	Harbor & Beaches	08/13/1984 [absent]
Manuel Chavez	Public Works	08/20/1984
Leonard A. Mata	Police Department	09/16/1984

30 year award	Department	Hire Date
Lonnie L. Thibodeaux	Water Utilities	09/30/1979

40 year award	Department	Hire Date
Jerry R. Sanderson	Water Utilities	09/22/1969 [absent]

Presentations were made

CLOSED SESSION REPORT

3. **Closed Session report by City Attorney**

ASSISTANT CITY ATTORNEY HAMILTON reported on the items discussed in closed session. (See Items 1 and 2 above for those reports).

Changes to the agenda

CITY CLERK WAYNE stated Item 34 has been removed from the agenda by Councilmember Sanchez.

MAYOR WOOD determined to hear the Consent Calendar at this time.

CONSENT CALENDAR ITEMS [ITEMS 6-28]

The items listed on the Consent Calendar may be enacted by a single vote. There will be no separate discussion of any Consent Calendar items unless requested by members of the Council/HDB/CDC or the public through submittal of a Request to Speak form prior to the commencement of this agenda item.

CITY CLERK WAYNE reported there are requests to speak on Items 8 and 18.

COUNCILMEMBER KERN requested a correction to Item 10. It should read Veteran's Association [not Administration] of North County.

The following Consent Calendar items were submitted for approval:

6. City Council/Harbor/CDC: Acceptance of Joint Minutes of the Small Craft Harbor District Board of Directors, Community Development Commission and City Council of the June 17, 2009, 4:00 p.m. Regular Meeting

7. City Council/Harbor/CDC: Approval to waive reading of the text of all ordinances and resolutions considered at this meeting and provide that ordinances shall be introduced after a reading only of the title(s)

8. **Removed from Consent Calendar for discussion – public request**

9. City Council: Approval of annual purchase orders for the purchase of equipment, supplies, materials and services in amounts over $50,000 from various Water Utilities Department funds; and authorization for the Financial Services Director, or designee, to execute the annual purchase orders

10. City Council: Approval of Amendment 1 **[Document No. 09-D0652-1]** in the amount of $51,224 to the professional services agreement with Nicoloff and Associates for construction administration services for the remodel of 1617 Mission Avenue, for additional design and construction changes; authorization for the City Manager to execute the amendment; and approval of a budget appropriation in the amount of $25,381 from a trust account that was set up for the Veterans Association of North County (VANC) to the design and construction accounts for the project to fund additional design and construction changes

11. City Council: Approval of Amendment 1 **[Document No. 09-D0653-1]** in the amount of $15,497.98 to the professional services agreement with J.F. White Contracting Company of Framingham, Massachusetts, for the Ocean Outfall Analysis–Remote Operated Vehicle Inspection project located offshore north of the mouth of Loma Alta Creek, increasing the project cost; and authorization for the City Manager to execute the amendment

12. City Council: Approval of a professional services agreement **[Document No. 09-D0654-1]** with Nolte Associates, Inc., of Oceanside in the amount of $59,200 for engineering services for the Harbor Lift Station Force Main project located at the Oceanside Harbor; and authorization for the City Manager to execute the agreement

13. City Council: Approval of a two-year professional services agreement **[Document No. 09-D0655-1]** with California Office Maintenance of Poway in an amount not to exceed $446,400 for harbor and beach area janitorial services, and authorization for the City Manager to execute the agreement

14. City Council: Approval of a budget transfer in the amount of $180,000 from the Rancho Del Oro Detention Basin CIP Account to the Tree Trimming CIP Account to change the funding source for year two of the professional services agreement with George Salinas Tree Preservation for street tree trimming, stump removal, and as-needed extra work

15. City Council: Approval of the Economic Development Commission's FY 2009 and 2010 Workplan

16. City Council: Approval to change the title of the "Dr. Martin Luther King, Jr., Civic Award" to the "City of Oceanside – Dr. Martin Luther King, Jr., Community Service Award"

17. City Council: Approval to accept $1,422,487 in grant funds from the California Department of Housing and Community Development awarded to the City of Oceanside, and approval to appropriate these funds to the Neighborhood Services Department for the Neighborhood Stabilization Program

18. **Removed from Consent Calendar for discussion – public request**

19. City Council: Acceptance of improvements constructed by NEWest Construction Company, Inc., of San Diego for the Libby Lake Pump House project, and authorization for the City Clerk to file the Notice of Completion **[Document No. 09-D0658-1]** with the San Diego County Recorder

20. City Council: Adoption of **Resolution No. 09-R0659-1**, "...approving the Final Map for North River Village," a four-lot subdivision containing 106 residential condominium units and 26 commercial condominium units located at the southeast corner of North River Road and Vandegrift Boulevard; and authorization for the City Clerk to record the Final Map with the San Diego County Recorder

21. City Council: Adoption of **Resolution No. 09-R0660**-1, "...approving a revised e-mail usage and vaulting system policy for City e-mail records", retention policy for City e-mail records, and adoption of revised City Council Policy 100-44 concerning City E-Mail Usage and Electronic Records Retention

22. CDC: Adoption of **Resolution No. 09-R0661-3**, "...making a determination that the planning and administrative expenses charged in the FY 2008-09 Community Development Commission's Low- and Moderate-Income Housing Fund are necessary for the production, improvement, or preservation of low- and moderate-income housing"

23. CDC: Adoption of **Resolution No. 09-R0662-3**, "...making a determination that the planning and administrative expenses budgeted in the FY 2009-10 Community Development Commission's Low- and Moderate-Income Housing Fund are necessary for

the production, improvement, or preservation of low- and moderate-income housing"

24. City Council: Adoption of **Resolution No. 09-R0663-1**, "...revising the designation of personnel authorized to process financial documents for State and Federal disaster assistance," for the purpose of recovering disaster-related expenditures

25. City Council: Adoption of **Resolution No. 09-R0664-1**, "...authorizing acceptance of the State of California Office of Traffic Safety "Next Generation – Click It or Ticket" grant 2009," approving the grant budget; appropriating the funds to the Police Department; and authorizing the City Manager or designee to execute grant documents

26. City Council: Adoption of **Resolution No. 09-R0665-1**, "...authorizing acceptance of the American Recovery and Reinvestment Act Byrne Memorial Justice Assistance Grant (JAG) of 2009," from the U.S. Department of Justice awarded to the City of Oceanside to supplement frontline law enforcement services and authorizing the City Manager or designee to execute grant documents; approval of the grant budget; and approval to appropriate the funds to the Police Department

27. City Council: Authorization to award a contract in the amount of $794,934.25 to Roy Allan Slurry Seal of Santa Fe Springs for the Annual Slurry Seal FY 2009-10 project, and authorization for the City Manager to execute the agreement **[Document No. 09-D0666-1]** upon receipt of all supporting documents

28. City Council: Authorization to award a contract in the amount of $2,180,588.29 to TC Construction of Santee for the Annual Overlay project FY 2009-10 located on various streets within the City, and authorization for the City Manager to execute the agreement **[Document No. 09-D0667-1]** upon receipt of all supporting documents

COUNCILMEMBER CHAVEZ moved approval of the balance [of Consent Calendar Items, excluding Items 8 and 18].

COUNCILMEMBER SANCHEZ seconded the motion.

Motion was **approved 5-0**.

Mayor Wood noted the items pulled from Consent will be trailed to later in the meeting.

MAYOR WOOD determined to hear Item 33 at this time.

GENERAL ITEMS

General Items are normally heard after any 6:00 p.m. Public Hearing Items. However, if time permits, some General Items may be heard prior to any 6:00 p.m. Public Hearing Items, following the Consent Calendar.

33. **City Council: Approval of a change in practice to limit future appropriation of Community Development Block Grant Public Services funds only for activities and programs in City facilities that serve low-income neighborhoods**

MARGERY PIERCE, Neighborhood Services Director, stated the Federal government provides Community Development Block Grant (CDBG) funding to the City as an entitlement city. We have had a practice of allocating funds to Social Service agencies. Under the Federal guidelines, the most that we can give to the agencies is 15% of the total amount we receive, which was approximately $275,000 last year. We are recommending that we amend the practice and fund several of the projects outside of the 15% maximum that can be used.

The Federal requirements limit CDBG expenditures for public services. Those are programs for youth, seniors, persons with disabilities, homeless persons and others to no more than 15% of the annual entitlement. There are 3 ways that we are proposing to fund the San Luis Rey Resource Center, and by using CDBG funds we would have to

use part of that 15% cap. In order to do that we are recommending that Council make 3 changes. One would be to fund housing related programs that are currently funded under the CDBG public services cap with Mortgage Revenue Bond funds. That would create a savings of $44,720 by the 4 agencies: Fraternity House [$7,600], Women's Resource Center [$11.820], Casa de Amparo [$7,500], and YMCA Oz [$17,800] being funded with housing restricted funds. We have the ability to do that this year because we did have 2 bond issuances. When we did the acquisition and rehabilitation of the Country Club Apartments and of Shadow Way Apartments, we were able to garner a fee for issuing those bonds, and that's where that money would come from.

The next step we would recommend is that rather than fund these 3 programs [Camp Fire USA [$10,000] and Boys & Girls Club gangbusters [$22.308] and Senior Fitness [$9,176] within the 15% cap, once the Neighborhood Revitalization Strategy Area is approved by HUD, those agencies that won programs in the Crown Heights neighborhood are eligible to receive CDBG funds outside of the 15% cap. That would generate another $41,484 that could be used to support the San Luis Rey Resource Center. So Campfire, Boy's and Girl's Club and Club 55 would not lose funding.

The third step would be to continue with the policy that you established 2 years ago to focus on prevention and intervention and positive youth development-type programs that we've been doing in the neighborhoods. We recommend that Council continue with that policy and only fund programs with this 15% cap that are directly related in our collaborative effort out of our Resource Centers, our Recreation Centers and our Senior Centers. Basically you would be preserving all of the programs with Vista Community Clinic, North County Health Services, the Senior Nutrition Program, Angel's Depot and Brother Benno's - all of those folks that deliver services directly to the residents in the neighborhoods that our Resource Centers serve.

By doing that you would be eliminating funding for 4 agencies: the Adelante Bookmobile [$11,000], which is a library program that was part of the Library's budget reduction recommendation; From the Inside Out [$7,562]; Ivey Ranch Park Association [$7,542], which is program money that they use for their camp, but we have and are assisting Ivey Ranch on the capital side; and Interfaith Community Services [$7,804]. By making that distinguishment about what's in our resource centers and recreation centers versus the general agencies out there, you would realize an additional $33,908.

Basically, staff is suggesting that Council approve these funding changes and recommendations. It would save a total of approximately $120,000 from the General Fund that is currently being used to support the San Luis Rey Resource Center. The money that would be saved within the 15% CDBG program could be dedicated to keeping the San Luis Rey Resource Center open. Staff has not received word back from the owner of the shopping center, but we have requested that he consider giving us free rent for one year starting April 1, 2010, when our lease expires.

The reason we are asking Council to take this action tonight rather than July 1, 2010, when this would go into effect is because if the Council doesn't take this action tonight and give this type of direction to staff, we would immediately be sending applications to all of the social service agencies since they would be due in December. We would be going through the interview process, the public hearing process and the workshops for Council to allocate the funds in the way that you have previously. The other reason is that every year the Council does not fund several agencies that come forward with applications, and it's always difficult for the agencies to compete against one another and for Council to make that decision of who will get funded. If Council goes with staff's recommendation, then staff would move forward and not go through that onerous process.

Public Input

REGINALD WASHINGTON, with From the Inside Out, stated that on Monday we're going to take kids from local schools to the Museum of Tolerance for the first

time. It was through the City's help that we are able to do that. We collaborate with the Vista Community Clinic to work on health literacy for the kids. We are a program that really reaches out to other parts of the Oceanside community so we can do this together. We are not just a gang prevention program; we are now starting to work on emotional literacy because we understand that you need emotional strength to say no to drugs and gangs and say yes to a better life. The funding we are asking for will support 2 programs. That means 2 more years of working with kids. We are trying to bring these kids out of their norm of hanging out on street corners or experimenting with drugs. I don't want to see that eliminated. I understand that there is a process, but I need to know that we can still count on the City to help these kids.

JONA NEWCOMB, 5255 Leon Street, Campfire USA, thanked Council for their past support to the youth and families in Crown Heights. She noted the importance of the CDBG funds to our organization and stated they understood it is difficult to reallocate these funds.

KAREN GARCIA, Campfire USA, stated our agency has mixed feelings about the potential of reallocation of funds, but our first priority is to provide quality services to the youth and families of Crown Heights. It is our understanding that we need to be looking at how to best reallocate certain service providers into different funding streams so that services can continue in the neighborhoods and throughout the City. We have been told that this would mean that our agency would no longer receive funds under the CDBG funds but under the new NRSA plan. For our organization the funds we have received in the past are crucial. We would not be able to do what we do without it. She hopes whatever decisions Council makes that we can continue to serve our children.

She announced that next Thursday, October 22nd, is the Lights On After School Event, which is a national movement to promote the importance of after school programming. There is also an Open House on October 22nd from 4-6 p.m. at their facility on the corner of Brooks and Division Streets.

SILAS W. BASS, 3533 Mira Pacific Drive, representing the Junior Seau Gymnasium across the street from the Boy's and Girl's Club, stated they have received new equipment at no cost. There are a lot of veterans there, and we thank the City for its support.

MARIA YANEZ, 4700 North River Road, Vista Community Clinic, stated they have 3 clinics in Oceanside and several programs in the Community Resource Centers as well as Parks and Recreation. She thanked Council for all of your efforts to keep community development at the forefront and making sure we get through our budget cuts and financial crisis this year. Vista Community Clinic has had a 10-year partnership with Oceanside in providing an array of services to the community. These services include gang prevention, teen violence prevention and teen pregnancy prevention, as well as other efforts in partnership with the Eastside Neighborhood Association and the clinics themselves. We have also been the recipient of CDBG funding for several years and hope to continue as such.

She recognized the efforts made by the City these past 10 years to maintain and promote neighborhood development in local neighborhoods. We have been able to offer effective teen youth development programs at the Libby Lake Community Center and the Balderrama Center that have assisted youth from the ages of 9-19 in school retention, violence prevention and community connectiveness. We have serviced over 2,000 students in the last 10 years with 200 in just this past year.

We were fortunate enough to subcontract an independent evaluator to come and evaluate the effectiveness of our programs in the local communities. Our findings were very positive, demonstrating that the longer a youth stayed in a program and received group and individual support, as well as structured programming, the more connected they were to their local communities. They were more open to improving their community and developing a sense of accomplishment and pride in their community.

The youth showed increase in self-esteem and decreased levels of depression and a positive outlook for their future. This past year alone we helped celebrate high school graduations for 7 youth in Oceanside.

As the City moves forward to manage the State cuts and their impact in these times of economic hardship, Vista Community Clinic hopes to continue providing the much-needed and effective programming in your City, but most importantly in the City's resource centers, community and Parks and Recreation Centers.

JOANNE RUSH, 633 Ann Street, with San Luis Rey Valley Resource Center, stated in March of 1993 the residents of the Mesa Margarita area poured their hearts and souls into a run-down store-front building, the Mesa Margarita Shopping Center, which had been empty for years. The reason was to provide a neutral place for the children of the area that was free of gang activity, drugs and street violence. At the time there had been gangs hanging out in the parking lot and harassing customers and there had been 4 shooting incidents. On one of our streets there was an actual gun battle on the street.

Construction was completed, and the grand opening was in September of 1993. The residents brought in equipment, games and everything that was needed at that time to start the program. We worked with a lot of the store owners in that parking lot to help get rid of the gangs. Many of them were afraid to call the police so they would call the Resource Center, and the Resource Center would call the police. The N.E.T.Work team from Oceanside Police Department had an agreement with Southland Corporation, who charged only $1 per month for rent. The rental agreement stated that the Resource Center was to have a program for children and police presence in the community. The N.E.T.Work team had their office in the building, and the resource center was under the N.E.T.Work team at that time.

In addition to children's programs, the Resource Center has provided food programs, free karate lessons, and WIC for many years, which has been a positive influence. The after school program and teen club are through Lifeline. There is homework help, tutoring, reading, and we served 85 lunches a day last summer. There is not room in the other City buildings to move our program, and some of them charge for their after school programs. We have computers for neighborhood people to come and do job searches; we provide WIC to 250 families per month; and Alcoholics Anonymous in Spanish. Brother Benno boxes serve over 200 families in our area. Social Services and CPS work with the people in our area. They translate and do preventive measures to the families.

DANIEL YBARRA, 316 South Coast Highway, stated that one of the great things happening at San Luis Rey is SOS. SOS spokes the wheels of churches, police departments, school districts and Summit. They are already spread through the City. He had the opportunity to join SOS through the resource center and within months our church [Generation Church] had a chance to throw soccer camps and help with the carnivals and other projects. We are still growing. Churches are banding together as a family. Please support the San Luis Rey Resource Center; you will be supporting the whole community.

DONNA GREENBUSH, 348 Islander Street, representing Casa de Amparo, empathized with the economic situation that we all face today. She thanked the City for their support, particularly to our Children's Center, which provides emergency housing for children that have been removed from their homes due to abuse and neglect. It's been a very valuable institution in Oceanside for 30 years, and we would like to continue that with the strength that we have already. It's really more than emergency housing; it's an emergency home. A lot of these kids have told us that it changed their lives forever. If a child can say that, then that ends the cycle of abuse, which is so important in our communities. We think the staff plan is a very creative way of doing 2 things: both saving the City valuable money that can be spent on programs and maintaining the social service programs that are so important to our community. We strongly support

the program.

TAMMY WALZ, 401 Country Club Road, Boy's and Girl's Club, stated the Boy's and Girl's Club would like to thank the Council for its history of support to our youth and our organization. During difficult times one must make difficult decisions. We have 25 standard Boy's and Girl's Club programs, and 22 of them are financially strong. The other 3 - Libby Lake, the Fitness Center and Gangbusters - are programs that the Boy's and Girl's Club funds along with the City's support, but they are in jeopardy. As our organization continues to take various roles based on the community's needs of our youth, we want the City to know we are willing to work by your side and we want you to consider us a partner; not a financial burden. We would like the City to keep the current RFP process in place for this funding. If the City is in need of funding, than apply for the funding as all other agencies would. This may seem odd as the City is the decision maker in this process, but it allows all agencies to compete for that same funding pool. Maybe next year will get better, and it will allow the nonprofits to apply for this funding in future years. We do support staff's efforts to look for additional NRSA funding. We are a critical piece of that puzzle. We ask the City to consider the amended proposal rather than a $43,000 cut to the Boy's and Girl's Club. We're looking for $23,000 so we can still fund Gangbusters, Libby Lake, and our Fitness Center.

JODI DIAMOND, Boy's and Girl's Club, stated we are not asking the City to close any of the City programming, but are looking at congruent programming to fill in voids. The Gangbuster Program has been a staple for the Boy's and Girl's Club and is housed out of the Townsite location at 401 Country Club Lane. Every year for the past 15 years, nearly 95 youth come through that program. We have strong support through Anthony Taylor, who is with juvenile probation. He actually gives us that latitude, when youth have mandated community service, to place them in programs that they may have needs for, i.e. anger management, problem solving, etc. This is critical. We are a critical piece in being able to bridge the gaps between the neighborhoods and providing these programs for Gangbusters.

MIKE COLLINS, Gangbusters Program, stated that Gangbusters gets children on referral from school districts, court referrals and different organizations. The program helps these kids focus on their goals and clean up their act. Through the last couple of years that he has been doing it, he has seen a great number of success stories. He is in contact with the Police Department and has put names through the computer of kids that have gone through the program. We have a very low recidivism rate. Out of the 95 kids that came through the program this year, only 2 re-offended and one got kicked out of school again. The program really works, and we would like to keep it in place at the Boy's and Girl's Club.

DON STUMP, 707 Oceanside Boulevard, North County Lifeline, thanked Council for their support over the past years. We currently operate after school programs, juvenile crime and gang prevention programs, family self-sufficiency and child abuse prevention programs. We have done those for the past 40 years in Oceanside. He would greatly appreciate Council's support of staff's recommendations, particularly their support of the CDBG funded programs in community resource centers and recreation centers. Council's support of the nonprofits in those community centers helps us to leverage other resources that we bring to those centers. There are City resources, CDBG resources and the ones that we are able to bring from our private agencies to the center. It's taken years to build the strong relationships, partnerships and collaborations with law enforcement, City staff and nonprofits. The synergy is there. More than programs are happening; there is real community development and real expansion of youth. The youth are seeing their ownership in the community. Keeping those centers vital is important.

TONYA DANIELLY, 110 Rancho del Oro Drive, Executive Director of Ivey Ranch Park, stated they are a care and recreation program facility for children with special needs. Her request is that they keep the CDBG program as it is. What staff is proposing is very creative but basically puts our children with special needs that are now

funded through the CDBG programs at risk for not having the support or the families having a respite service. That means that even though my kids don't show up in after school programs or in Gangbusters or in an at-risk youth population, they are an at-risk youth population in that they need services and support, as do their families. Because we are in the Rancho del Oro neighborhood, we are kind of targeted as not being in one of the critical neighborhoods. What needs to be kept in mind is that we serve all neighborhoods of Oceanside and, because we work with children with special needs, they come from all over Oceanside to us. We respectfully request that the system as it is now be kept in place and that we have the chance to apply for these funds on an annual basis. That $7,500 means the difference for 100 different families to participate and have a respite break for children with special needs.

CHARLIE ATIGA, 651 Arthur Avenue, grew up here, and we didn't have a resource center like the San Luis Rey Resource Center. Not having that center to be loyal to and with the Boy's Club being so far away, we ended up being loyal to gangs. He grew up in one of the gangs in the deep Valley on the 600 block where officers died and where his friends and family members died. The closer you are to that Resource Center, the more value and appreciation you have for it. He has a son and grandson living there now, and he would hate to see them without that resource center. He supports all of the resource centers and the Boy's Club. We have to watch what we cut because it affects a lot of things.

Public Input concluded

COUNCILMEMBER SANCHEZ stated it is difficult to deal with so many requests for funds from so many good organizations. These federal funds that we get are based on these critical neighborhoods, and by the time the effects get to the neighborhoods, you don't see a whole lot of change. She believes that this will allow us to make the greatest change in these critical areas. We are talking about Eastside, Crown Heights, Mesa Margarita and the back gate area. What happens in these critical neighborhoods affects the quality of life for all of Oceanside. This is where crime begins, and it is with kids that are at risk. She is mindful that this action will affect several organizations. Staff has done a tremendous job in ensuring that, at the very least, those that have the highest critical needs will continue to be served along with these neighborhoods.

She **moved approval** of staff's recommendation [that the City Council approve a change in practice to limit future appropriation of Community Development Block Grant public service funds only for activities and programs in City facilities that serve low-income neighborhoods].

MAYOR WOOD seconded the motion.

COUNCILMEMBER FELLER stated that we've already unfunded the Adelante Bookmobile. For the rest of these programs that are funded, is there enough funding for those programs to continue on without going through a process?

DIRECTOR PIERCE believed there was a misunderstanding with the Boy's and Girl's Club. The funds that we're recommending substituting in are still CDBG funds; they're just the funds outside of the 15% cap. Normally, we've used those funds over the last few years to pay back the 108 loan on the Libby Lake Community Center. We made the last payment this year so that will free up about $100,000 that could be used to continue these programs. These would still remain funded, as would the housing programs under this proposal.

COUNCILMEMBER FELLER asked if that $100,000 could fund all of the programs here and we could continue with the CDBG.

DIRECTOR PIERCE responded that this money cannot be used outside of the Crown Heights neighborhood because of this special designation by HUD called the

Neighborhood Revitalization Strategy Area (NRSA). Hence we recommend that the Boy's and Girl's Club, Campfire and Club 55 be funded with regular CDBG funds rather than the social service agency funds.

COUNCILMEMBER FELLER stated staff identified all but $22,908, either for funding or they've already been removed in the budget process. Adelante was $11,000. That leaves $22,908, with 3 of the 4 organizations speaking tonight, that falls by the wayside at the end of this fiscal year. Probably others are too. He didn't see that this is an equitable approach. He hasn't figured out how this is beneficial and liked the process of being able to allocate to various organization throughout the City. Staff is saying that this $120,000 is going to fund the resource centers. Unless we can figure out something to do with the other 3 organizations that are going to be losing funding, he would rather stay with the process that we have.

COUNCILMEMBER KERN has seen the benefits of the Gangbusters Program when he ran a school. It was very effective. He ran an independent study school, so the kids came because they were already at risk and they were ready to slip through the cracks. He personally knew 3 kids that Gangbusters saved. He appreciates the hard work of staff but he cannot support it at this time. He would like to see if we can rework some of these. These are gaps that we need to fill.

COUNCILMEMBER CHAVEZ stated that these are hard financial times. He thinks it's important to note that after the vote this evening, we are still going to maintain the direction the Council has established for many years of a commitment for prevention and intervention programs for children to keep them out of gangs. We are still going to be committed to all of the programs, and we will take care of pretty much all of them.

Looking at the Neighborhood Revitalization Strategy Area (NRSA), it makes a lot of sense. We are looking at where you can use money in certain areas and where you cannot use money. He strongly supports Ivey Ranch. Although these children don't meet the requirement of intervention or prevention, they are still children who have needs. It's fair to say that a lot of those children are coming from military families, which he is very supportive of. He will continue to request funding for Ivey Ranch in any way we can.

We are not cutting off support of the prevention and intervention programs; we are just changing how we use the funds to do that. Staff has put together a comprehensive plan to spread out the limited resources we have for the greatest good. The priority of the City was to take care of the children with intervention and prevention and to make sure we have food programs for our seniors. That's what we have here. He will support the plan.

COUNCILMEMBER SANCHEZ responded to Councilmember Kern that the Boy's and Girl's Club is going to be addressed with this plan, so she is comfortable with this. The Boy's and Girl's Club has always been there for the kids.

With respect to Mr. Washington's comments on From the Inside Out, we do have a committee that addresses at-risk youth. It is a committee that was meeting a couple of times a month. There seem to be some parallels. Perhaps working with the committee, there are funds being made exclusively through the committee because the committee applied for funding, specifically as they are working with the police department and the school district. She asked staff to provide additional direction to From the Inside Out to ensure that they are incorporated with this committee.

COUNCILMEMBER FELLER stated that persons with disabilities are one area that is not covered under any of the other programs that we fund. If we move forward with staff's recommendation, he asked that Council leave From the Inside Out, Interfaith Community Services and Ivey Ranch in the loop. This boils down to the City directing where these funds go and not giving outside agencies any opportunity to apply for these

funds. He cannot support the motion unless Council is willing to delete those 3 organizations from the unfunded programs [$23,000].

MAYOR WOOD stated that the bottom line is that funds from the federal government are dwindling, and the State is broke and taking our money. It used to be fun to dole out the money to these nonprofits and social service organizations. However, it got to the point where $1,500,000 was being requested with only $235,000 to give, that's not fun anymore. It's easy to see that a lot of people aren't going to get anything. All of the agencies that put in for the money deserve it, but it can't all happen. He relies on staff to help us make a decision. He hopes that this turns around soon, and we can refund some of these programs.

The reason staff was put to this task is because the way we were doing it wasn't working. He asked staff to explain why they came back with a different solution and why this solution.

DIRECTOR PIERCE responded we came here tonight for a decision so that we would not have to go through the full application/interview process and public hearing process. The catalyst to this was a demand by the communities that we keep the resource centers open, and those resource centers are currently funded with General Fund money, which we know has a $10,000,000 deficit. It's her responsibility as Director of Neighborhood Services to come up with ways that we can trim the General Fund money and have the least negative impact on the community. We still need to get the free rent, and we are still moving forward with that.

MAYOR WOOD asked if staff thinks this is a better program for all of that.

JOHN LUNDBLAD, Management Analyst, responded that the primary purpose of all community planning and development as stipulated in the Act of 1974 is the development of viable urban communities and neighborhoods. That's its basic purpose. We easily get lost. The other thing to remember is that we are working off the assumption that we are going to get CDBG money next year. It's gotten out of the Senate; the House bill is still trailing, but it looks pretty good for next year. Also, the desire is to keep all 4 of the Resource Centers open and responding to concerns we've been hearing from the community and Council and how we do that, while at the same time recognizing that it's not just these agencies. Two years ago, the last time we had an open application period, we did receive 39 applications, only 20 of which were funded. So it is not just 1 or 2 that are unfunded; it is all the others as well.

COUNCILMEMBER CHAVEZ stated Councilmember Feller made a request regarding about $22,000. The money we are saving is $120,000 to run the San Luis Rey Resource Center because the Council wanted to do that. He understood that we don't have the zero rent yet. It's important for Council to be unanimous on this important issue of how we service the needs of the community. He asked for an idea of how staff can get Councilmember Feller's request granted.

DIRECTOR PIERCE wanted to be careful on how we made this recommendation of not moving forward with the total application process. Adelante is out because of the budget issues, and the Library Director made that recommendation. As far as From the Inside Out, we do have grant money that Oceanside Community Partnership received of $400,000. In that grant application, we were required to set up some money for field trips and we will have conversations with From the Inside Out on how we might be able to contribute funds on a trip by trip basis.

As far as Interfaith, we believe that there's a good possibility that we will be able to fund them out of CDBG NRSA money because they do run the Working Pirates Program, which serves children from both the Crown Heights and Eastside neighborhoods.

Regarding Ivey Ranch Park, she believes she now has a way to fund Ivey Ranch

by extending the definition of what we are doing because Ivey Ranch does run from a City park so, it is a Parks and Recreation facility. What we're recommending is that programs get funding that run out of our facilities, so that would solve the Ivey Ranch issue. She would feel comfortable recommending that we do that without recommending that we open the entire process again. That would be the way to handle it.

COUNCILMEMBER CHAVEZ stated that is a good idea and compromise.

With the clarification/modification on organizations covered, motion was **approved 5-0**

[Recess was held from 6:34 to 6:45 p.m.]

MAYOR WOOD determined to hear Item 30 at this time.

6:00 P.M. – PUBLIC HEARING ITEMS

Public hearing items are "time-certain" and are heard beginning at 6:00 p.m. Due to the time-certain requirement, other items may be taken out of order on the agenda to accommodate the 6:00 p.m. public hearing schedule.

30. **City Council: Adoption of a resolution ordering the vacation of a 0.28- acre portion of Fire Mountain Drive (formerly known as Oregon Street) right-of-way located between El Camino Real and Laurel Road adjacent to 1999 El Camino Real (Eternal Hills Memorial Park), reserving and excepting from the vacation an easement for public utilities, and direct the City Clerk to file a certified copy of the resolution with the San Diego County Recorder**

A) Mayor opens public hearing – hearing was opened.
B) Mayor requests disclosure of Councilmember and constituent contacts and correspondence. Mayor Wood and Councilmembers reported contact with public, staff, on-site visits and receipt of an email.
C) City Clerk presents correspondence and/or petitions - None
D) Testimony, beginning with:

SCOTT SMITH, City Engineer, stated that this item is a vacation of a portion of Fire Mountain Road that's tied with the Eternal Hills Cemetery expansion. The expansion went through the public process and, through that process, this portion of right-of-way, which is no longer being used for roadway purposes, was identified to be vacated. This is the subsequent process to vacate that portion. The City does not own that land in fee. The underlying ownership is by the Cemetery. At the last Council meeting there was some inquiry as to the subject matter. City staff has met with the adjacent residents and answered their questions.

Public Input

CHUCK McDONELL, 2613 Fire Mountain Drive, lives right across the street from the property in question. When he read the write up before in the agenda it appeared that the City was possibly giving away some land that ran from El Camino Real to Laurel Street. However, he has had communication with City staff. This is not a huge strip of land. His other concern was that the property in question might belong to the City and should get some remuneration for giving up this property, but the property belongs to Eternal Hills. So this is about abandoning the right to have access to a piece of property the City doesn't need to access anymore as a result of the road being realigned. With that clarification, residents in the neighborhood have no objection.

Public Input concluded

MAYOR WOOD closed the public hearing.

COUNCILMEMBER KERN moved approval [of adoption of **Resolution No. 09-R0668-1**, "...ordering the vacation of a public street right-of-way and reserving a

public utility easement (Fire Mountain Drive formerly Oregon Street)]" **[Document No. 09-D0669-1]**

COUNCILMEMBER CHAVEZ seconded the motion.

Motion was **approved 5-0.**

29. **City Council: Consideration of the proposed water rate, pass-through charge and wastewater rate increases; introduction of an ordinance amending Chapter 29 of the Oceanside City Code by establishing wastewater user rate increases; introduction of an ordinance amending Chapter 37 of the Oceanside City Code by establishing water user rate and external water provider charge increases; and direction to staff to implement the user rate and external water provider charge increases**

A) Mayor opens public hearing – hearing was opened.

B) Mayor requests disclosure of Councilmember and constituent contacts and correspondence. Mayor Wood and Councilmembers reported contact with the public and staff.

C) City Clerk presents correspondence and/or petitions

CITY CLERK WAYNE reported that since this is a Proposition 218 hearing, all property owners/utility customers did receive notice of the rate increases and this hearing, and we have received protest letters. The amount of mailed notifications was 39,623. Our protest letters total 218 households. There were 27 more, but we couldn't count them because they had no name or address on them. She announced that if anyone else wishes to file a protest letter, it must be submitted prior to the close of this public hearing. We will report at the end of the hearing the number of protest letters received.

D) Testimony, beginning with:

LONNIE THIBODEAUX, Water Utilities Director, stated he has a tough issue of the water rates and the pass through charges. The City's bond counsel requested that he first show [via computer slides] the consequences of insufficient debt coverage since we have covenants that require us to have 1.15 debt coverage on our borrowed money: 1) bond insurer can sue for immediate full payment or seek a court order to raise rates and fees, 2) Water Utilities' and City's financial rating is jeopardized, 3) borrowing money will be more costly and difficult, and 4) jeopardizes funding of future projects. This is a critical issue tonight. These consequences are pretty severe.

This started when Metropolitan Water District (MWD) adopted its 19.7% rate increase in April on the water side. The San Diego County Water Authority (SDCWA) adopted an 18.1% increase. Because of some of the actions that they've done, they were able to lower the required rate increase of pass-through charges. We've already started paying those charges as of September 1st; these rates are already being paid.

We were paying about $20,000,000 for water, and the pass-through charges are approximately $5,000,000. That's just the cost of water. The commodity charge is going from $0.25 to $0.76 (per unit of water). The infrastructure access, which is their capacity charge, is going from $1.90 to $2.02 per equivalent meter. The MWD Readiness-to-Serve, which is also capacity in the system, is going from $1.15 to $1.25 per meter equivalent.

Staff had presented 4 options at the workshop, and he wanted to make sure everyone understands them. The lowest option has just the pass-through charges in it. There are no other costs in there; there's no capital funding in there; there are no increases in Operating and Maintenance (O&M). That is based on 12 units for the average family residence; that increase is $6.34.

The next option is covering debt. Our financial plan called for several policies

that we instituted, and one of our bond covenants requires a 1.25 coverage. That has a buffer in it in case we have problems achieving enough revenue. Our bond covenants require at least 1.15.That increase is $6.66 per month.

The third option/level has 1.25 debt coverage, and we're covering about half of the fixed asset replacement (FAR) contribution, which means some projects like Weese expansion and reclamation are in that number. That increase is $8.19 per month.

The fourth and highest option is all of the policy drivers. That means a 45-day operating reserve, a 1.25 coverage, and fully funding our FAR, which means all the capital infrastructure is putting money away for the future. That is the highest rate and what we advertised per Prop. 218; that increase is $10.43 per month.

He displayed a slide of the consequences of deferral of fixed assets. In the water side we do have a reserve. We plan to pay for some of the projects out of that capital reserve. If we defer funding/contributions, we have to borrow more money later and it costs more with interest. That is one of the consequences. [Slide: The deferral of water fixed asset replacement ($1,565,000) would --increase the debt to cash ratio for the Weese Water Treatment Plant and Reclaimed Water Facility projects; --higher debt means higher rates].

The big consequence of not doing the pass-through is that we are eating up our reserves. If we absorb the $5,000,000 in reserves now, next year, net is an additional 17% increase which is approximately another $5,000,000. That would mean $5,000,000 this year and another $10,000,000 next year that we're facing. That would do serious harm to any reserves that we have, and in the future it could potentially use up all of the reserves. [Slide: Consequences of deferral of pass through charge increase: --the City must absorb higher costs for imported water (losses of up to $5,100,000); --compounds future pass-thru charges; -- risk of defaulting on debt coverage increases; -- additional 17% increase expected 1/1/11].

On the wastewater side, it's less of a shortfall, but these are driven by revenue losses, primarily collateral damage from the drought. We've lost about $1,700,000 in revenue this year. We've increased the cost of debt because of the re-issuance of bonds during the AIG disaster/the crash of the bond market. We had to refinance a variable to a fixed, and that costs $500,000 per year. So option 1 is the $2,200,000, which is the minimum coverage without any capital in it. That is a rate increase of $4.96 per month. It has no operating increases and no capital coverage. It simply covers existing debt and operational costs as they stand.

The wastewater option 2 is 1.25, which gives a little more buffer to debt. The increase is $6.14 per month.

The third wastewater option has about ½ of the capital funding that would cover projects like Haymar and Buena Vista. Haymar is a line crossing a creek that needs to be repaired. If we do not get the money, we will have to defer that project to when we can borrow the money or get the money available. The increase is $7.22 per month.

The fourth wastewater option has all the capital funding. In the sewer side we have some large projects that are going to have to be funded over the next 5 years, at least $30,000,000. Some of the projects have been deferred, but some are critical to the community in terms of repair and maintenance. This increase is $14.82 per month and includes all of the policy driven rates. This is the one that was advertised.

If we don't adopt the minimum, to review, we again have debt coverage jeopardized, which is very difficult and could have serious consequences, including a reduction in credit rating that may prevent future borrowing necessary to fund projects. One project is strictly a fixed asset replacement project where we are repairing and rehabilitating an old lift station that has potential to spill into Buena Vista Lagoon. We've been deferring it as long as we can, and we need to do this project in the next

few years or we're going to have serious consequences. Haymar sewer line crosses a creek at Buena Vista, and that replacement needs to happen. That would be deferred until we have the money available. One of our future projects is Myers/Oceanside Boulevard/Tait Street sewer line, which is a hydraulic problem now. We are getting by, but we need to fix that. It's about a $4,000,000 project for the future. We just repaired a portion of the Land Outfall for $4,000,000; that's a long-term project we need to do so San Luis Rey can pump out to the ocean. That's $17,000,000. Oceanside Boulevard lift station is another fixed asset replacement project. That's a lot of money that we are going to have to bond in the future. What we do tonight will determine how much money we will be able to borrow and what the rates are.
Via slides, he again displayed the water side 4 options [option 1 – minimum debt coverage (115%) – raise pass-through charges only = $6.34 monthly increase for SFR; Option 2 – 125% debt coverage only = $6.66 monthly increase; option 3 – 125% debt coverage and FAR contributions of $1,565,000 = $8.19 monthly increase; option 4 – Policy-driven 125% debt coverage, FAR contributions of $3,000,000 and capital reserve = $10.43]. Same for the Wastewater increase options [option 1 – minimum debt coverage (115%) = $4.96 monthly increase for SFR; option 2 – 125% debt coverage only = $6.14; option 3 – 125% debt coverage and $2,300,000 to fund current CIP = $7.22; option 4 – Policy-driven 125% debt coverage, $2,300,000 to fund current CIP, FAR contributions of $3,000,000, and 45-day operating reserve = $14.82.]

Public Input

JIMMY KNOTT, 127 Sherri Lane, is asking Council to turn this down. The public needs to know that about $10 of the increased amount was slated for the retirement increases, which have been turned down per MWD. The figures have not been adjusted from MWD to reflect this. He asked Council to turn down this proposal and return it to MWD and the Water Authority to readjust those figures and bring them back. Once that happens, then that's okay. The figures for debts, etc., we can proceed with that since that is what we are responsible for. For the figures at MWD, turn those down and tell our representative to advise them.

WOODROW HIGDON, 2544 Rudder Road, stated that we ought to be talking about how we can cut the cost of our government first. One of the biggest areas we can cut is the over-bloated police and fire department union operations. The reason we can't get that done is the huge amount of dollars flowing from the police and fire unions into the re-election campaigns. We need to start a full privatization of all non-critical assets in order to reduce the cost of government. The only way to get our budget in place is to reduce our costs and put a freeze on any new raises in benefits or salaries in January's negotiations. You can't spend what you don't have.

NADINE SCOTT, 550 Hoover Street, was not sure that MWD's change in pension is affecting these pass-through charges; she supported the minimum debt coverage. That's just good business; you don't want to lower your credit rating. It's a lot of money, and it makes her wonder if the fees being charged to new development are adequate. She doubts that they are. It also makes her question the deferral of water and wastewater buy-in fees. A memo stated over $9,000,000 is going to be deferred on residential, and there's no estimate of the commercial or industrial development deferral fees. How much of the debt coverage does the average individual have to cover when the developers get off scot-free for a minimum of probably 2 to 3 years? This needs to go back to the drawing board. Council needs to handle the issue of developer deferral fees and how much isn't coming into the coffers and utilities before they vote on pass throughs and rate increases.

MARK BOUTILIER, 4637 Marblehead Bay Drive, was in opposition to the proposed pass-through and wastewater rate increase. It is inappropriate to ask homeowners to cut water usage and then raise rates as a consequence of compliance. If the City cannot afford present infrastructure, then the City should cease issuing building permits. Further, the City wage and benefits, including retirement benefits, should be reviewed with consideration to reducing them to sustainable levels going

forward. The City has taken out about 100-150 tie-downs at the Oceanside Airport. That's $125 per month of revenue each that you've given up. MiraCosta College has their own police department, and he suggested that they could be contracting with Oceanside for their police services.

REX MARTIN, 306 Benavente Drive, asked how a large increase in rates will affect our seniors, veterans and those on fixed and low incomes. This is a very large increase if you go to the full amount. We are literally taking food off their tables. He urged Council at least for now to adopt the least expensive rate increase possible during these economic times to assist our seniors, etc.

ALBERT KRAMER, 1527 Hunsaker Street, has many years of experience in State and local government in Massachusetts prior to moving to Oceanside. He empathizes with Council in terms of the responsibility they carry during this tough economic time. With some of the options presented, we are talking between $250 and $300 per year when people are literally paying thousands for just the consumption of water. You say the reason is because we have paid an increase in the wholesale price of water, and this is simply a pass-through; so you have no choice. If you look at some of those options, is 100% simply a pass-through when you are also charging for the disposal of water? MWD didn't have to pay for that. It's interesting because MWD is saying that if you conserve water and because of our fixed price, we will charge you more for conserving because when you conserve there is not enough water being disposed of so we will increase your prices. Something is wrong with that.

The second thing in the notice said they were going to improve the infrastructure. Without Federal stimulus money, do you see states and cities during this tough time taxing people to improve their infrastructure? This insensitivity is the same insensitively when they considered a pension increase while asking for these rates against seniors and others who will be hurt. It was said that there will be serious consequences if we don't do this. There will be serious consequences if you do this. When you ask people to pinch their pockets, we can also ask utilities to pinch their pockets. At a time when people have seen significant loss of value in their homes, you are now going to increase significantly the cost of maintaining it. I have great trust that this Council will find a way to table this or reduce it.

MARK BRODER, 4738 Mahogany Drive, worked for the City of San Diego for 21 years as a Program Manager in conservation. Usually when he came to Council meetings he was invited as an expert on certain areas. He was one of the people who negotiated contracts to get money from MWD for conservation programs.

He had staff run all these pieces of paper on his water bill. The MWD is not elected by the people; its decisions are not reviewed or approved or passed by the people. Yet MWD can pass through a rate increase with what appears to be no ceiling. There is no end in sight for future increases or ceilings. We had a pass-through in September, before we even had this meeting tonight, and that included their piece for their retirement that they thought they would get that is off the table. MWD already has another pass-through in the pipeline. It's 17% or 18% in January of 2011. That's 15 months from now. If Council raises his bill 20% for the small option or 33%, in 3½ years his bill will double. We need to limit the frequency and the ceiling amount of pass-through raises that we can be given from MWD. Maybe we need to do a ballot initiative on MWD. We all need to live within our means.

He drove around Oceanside this afternoon and noticed that a lot of people didn't cut back, they just shut off watering outside. So we have a lot of landscapes that haven't been watered. In many cases the plants have already died. This becomes negative property value for our City at a time when property values are already down, makes properties more vulnerable to erosion, and causes risk during fire season. We should send this back and ask them to rework this budget.

JIM THOMPSON, Pilgrim Creek Estates Homeowner's Association, is one of the

seniors on a fixed income. He represents 203 homes. A lot of the seniors have been in there for over 20 years, and they are living on 20 year old retirements. They are not increasing each year. Please go with the lowest you can.

DAVE HALL, 1319 Darwin Drive, protested the pass-through charges to the City from MWD. MWD, in terms of their repairs and upgrades, could use their depreciation money for that. He has been conserving since about the 1970's and is about conserved-out. His backyard is turning brown. He asked when the government and entities begin to conserve. When will they begin taking responsibility in their funding and conservation rather than just increasing the rates. MWD, to their credit, has not put through a rate increase in 10 years. The cities seem to raise the rates every year anyway.

JASON McDONALD, 5010 Calle Arquero, asked that Council not raise the rates. Some of us are lucky to have jobs, and others are not. This $20 to $30 a month is tough. Everyone seems to be requesting a limit on the spending and to be conservative in your fiscal policy. If we just cover the pass-through charges, there's going to be a smaller rate increase. We are asking Councilmembers for creativity and to take a stand and find ways to not raise the rates at all. In a downturn like this, it is ridiculous to do infrastructure improvements. That needs to be pushed to the future when you have a budget surplus.

JOAN BROWN, 511 Rockledge, just got her water bill and it was for $71 when she only used 3 units of water. At $1.88 a unit, out of a $71 bill, only $12 was for water. Her bill when she moved here in 1997 was in the high $40's, and now it's in the $70's. She is only one person and with a family of 4, it's going to be hard. Her water bill is the highest of all of her bills that come in.

NANCY WHITE, 1715 Cassidy Street, was already conserving water in July 1999. She called an expert and had an exterior evaluation done on the amount of water that her property should use. The report said for 8,000 square feet landscape for 32-35 units of water. Today she has cut down on her own 17-19 units, despite the recent heat wave. From November through April she shut off her sprinkler system and is under the low sewer flow, which is 0-5 units. She observes all of the water-saving suggestions and is working very hard to conserve water. She protested the price increase because we already had a water increase less than 6 months ago, and she believed we had one in October of 2008. We should reward people like her who are vigilantly reducing their water consumption and not punish them for reducing their water and paying higher rates. The City is already doing that with the low sewer flow. She suggested that we look at neighboring towns like Murrieta who allocate so much per household based on how many live in the home and the landscape footage. Perhaps more incentives and more rebates because money is a motivator. The City needs empathy for seniors, low-income people and people who are losing their jobs.

DONNA McGINTY, 2405 Mesa Drive, stated that water is a precious gift. She asked how many personnel cuts have been made in the water/sewer department, what part of capital improvements can be delayed, and how they got that $244 a foot.

GEORGIO KERPANI, 315 South Nevada, stated that there was a major energy crisis in 1978, and the Federal government has done nothing for alternative energy. Now we are faced with this crisis. Are we as a City looking into desalination? This rate increase has probably been looming for a while. The rates are not going to stop; they are going to keep going up. What are we doing as a City to be more self-sufficient in acquiring new water resources locally? Another thought is they make a gadget that can be attached to a meter, and it reads separately for your basic household usage versus irrigation and landscaping. All of us would like to know the difference between the 2. Perhaps the fee should be greater on those who use water on irrigation and landscaping. If the fee were greater, perhaps it would encourage people to be more conservative.

LOU BALES, 3615-34 Vista Bella, wants to protest the high wastewater flow

charge for master-metered associations compared to the lower charge for manufactured mobile home associations. The master-metered single family associations are senior communities, as are most of the mobile homes, and have approximately the same number of people per home and the same age group as the manufactured mobile home associations, so why is the wastewater flow for a master-metered home 46% higher than that for a manufactured home? The reason for this discrepancy is the incorrect method used by the Water Department in estimating the wastewater flow from the home. They base wastewater flow on the volume of water passing through the water meter during the 2 wettest months of the year, when the irrigation water use is the least. However, we have not had any wet winter months during the current 3-year drought.

To keep Oceana's landscape areas alive, an appreciable amount of irrigation water has to be used during the dry winter months. If we don't keep the vegetation on the slopes, we could lose the slopes and some homes. Manufactured home associations have no slopes and only small turf areas; therefore, their irrigation water usage is small compared to that of master-metered associations. Although the volume of water metered for master-metered homes is higher because of higher irrigation requirements, the amount of water entering a home is about the same for both associations. If these 2 groups have approximately the same number of people per home and the same sewage strength, then the wastewater flow charge should be about the same; not $21.39/month per home for master-metered homes vs. $14.62 for manufactured homes—a difference of almost $7/month. Apparently the Water Utilities Department has tested the sewage strength of one of the master-metered associations but not any of the manufactured home associations. The wastewater charge should be about the same for each.

MIKE MELLANO, 462 Wilshire Road, stated he disliked a rate increase as much as everybody else, but he disliked a bankrupt water and sewer department even more. We have to pass through the costs, and we have to do the infrastructure or we will pay dearly down the road. His company is a big water user so this will affect them quite a bit; however, realistically speaking we have to have a rate increase to cover our costs. Otherwise we will be in a worse situation down the road.

JAKE WILEY, 1064 Eliot Street, disliked the increase as much as anybody else. We are all undergoing hardships but we need to take control of our own destiny and keep with the infrastructure improvements, although he didn't see much on the water side. Carlsbad is planning on building 50,000,000 gallons worth of desal. The City is involved, and he believes a lot of focus should be on producing a new local water supply and reusing wastewater. He saw a $17,000,000 project for an outfall that he assumes discharges treated water from the wastewater plant. He imagined somebody has explored reusing that water. That's a revenue source, as well as an offset to your imported water use. He wants to make sure we are proactive and not reactive.

PAT BAUMGARTNER, 3902-41 Vista Campana North, President of the Board of Directors for Oceanside Community Association (aka Oceana), stated that we understand the difficulties Council faces in coming up with a decision regarding the proposed water rate increase, given the adverse economic conditions. She is sure that the City has carefully scrutinized each of the proposed increases being presented as pass-throughs by the various agencies and that they will determine that none of them are excessive. She is sure they have also carefully scrutinized the City budget and you've identified any area where they can cut back or defer. She thanked them for their diligence.

ADAM MARLOW, youth, is attending this meeting because he is working on his merit badge for citizenship in the community. Even though he is a child, he still has opinions on these types of issues. His parents are the average taxpayers. They are still trying to keep their jobs. They have to pay the 11% food tax; they have to pay the gas tax; and they have to keep earning money. Paying even more on the water would be hard on them and hard to keep food in our house.

BONNIE BRAVO, 3660 Vista Campana North #40, stated Mr. Thibodeaux answered most of her questions. What have we done regarding cutting back on water district expenses, such as refinancing and issuance of more bonds? She doesn't know what's been done as far as staff reduction, outsourcing, a hiring freeze or providing water services to other jurisdictions. We need to look at everything. City Manager Weiss has had a lot of good suggestions for cutting costs which no one seems to accept.

JONATHAN CHERNOW, 1102 Conure Court, stated the MWD realized just the other day that the time was wrong to give a pension increase to their employees. They didn't do it because they wanted to; they did it because they realized the public wouldn't tolerate it. This is not a couple of bucks increase. For some people, it is in excess of $100 per month. It is time for the Council to stand up and say the public will not and cannot tolerate this, that they support their constituents, and will not vote for a Cadillac plan, but for the minimum plan.

JOHN STEWART, 1729 South Oceanside Boulevard, pointed out that he opened a new laundromat about 3 months ago in Oceanside. A good 50% to 60% of their customers are fixed income, senior citizens, and middle- to lower-income people. Truly these people can't afford those types of increases. It's actually cheaper for them to come to us to do laundry than to do it in their own home. The other day he saw people cleaning their clothes in the little river at the 5 Freeway where it crosses Oceanside Boulevard. One of the biggest problems is the amount of the increase at 18% to get the water and another 18% to get rid of the water. Our bill last month was just under $1,400. We average 250-275 units per month. We are doing everything we can to conserve with high-efficiency machines, etc. He asked Council to at least reconsider the rate at which they would increase it.

Public Input concluded

CITY CLERK WAYNE stated this is the last call before this public hearing is closed if anyone else wishes to submit a protest letter. [None received]

DIRECTOR THIBODEAUX responded to questions stating MWD will not reassess the rates based on their retirement. They promoted the rate increase prior to their voting on this retirement issue so the rate increase as proposed, the pass-through, has happened; it's adopted and won't be readdressed.

The $9,000,000 that was deferred for buy-in fees will be in a restricted account only used for expansion. We are talking about rates that are used for fixed asset replacement and operational uses to pay for water.

The legislative action to try to cap future rate increases is a possibility. We've posed the question because it was brought up at our workshop. The response is there is no existing legislation that would cap rate increases from another agency, but that could be proposed to the Legislature.

The issue of master-metered versus manufactured homes costs was assessed in the Citizens Advisory Committee (CAC). We did research, flow studies and strength studies to analyze whether the rate was equitable. We could reassess that and do more enhanced studies but it has been adopted. Tonight we are not looking at rate structure, but rather at increases in existing rates.

Oceanside is doing a phenomenal job in conservation, and raising rates is the hardest thing to do when people are doing so well. He commends the residents for the amount of conservation that they are doing. It's proven very effective. The whole County has reduced its use of water by significant amounts. Unfortunately, this is going to be a way of life for the near future until the Delta is fixed. One of the drivers for the rates is the infrastructure necessary to service the water needs.

As far as the efficiencies in the department, we currently have 4 vacancies and will have 8 vacancies by the end of the year, and we will be assessing what to do with those vacancies and looking at staff reductions. We've improved the efficiency for energy by adopting a cogeneration. We saved increased electrical costs this year. We've kept it flat for the last 2 years and reduced costs from the year before by investing in cogeneration with a private partner. We'll save about $325,000 per year. We've taken over a couple of contracts that were done by the private sector for a couple hundred thousand dollars that we are doing with in-house staff. We continue to look at ways to increase efficiency and reduce operational cost rises. This rate increase does not have any O&M increases in it.

Lastly, the driver for MWD's increases is their debt coverage on the significant amount of infrastructure that they have put in place to service the community needs in Southern California. They have fixed costs, and they've spent billions of dollars. It's a difficult time to promote this rate increase but that's the situation we're left with, and we're dealing with the pass-through now.

MAYOR WOOD noted that we drill and have wells here. We are one of the few cities around here that does. We use the same system that is used for desal to make that water. We are getting our own water. How many gallons are we doing?

DIRECTOR THIBODEAUX responded currently 20% of our supply; we increased it to 6,000,000 gallons a day this summer.

MAYOR WOOD commented so we get our own water and we are moving forward to do more. We've tried to get funding for desal from the Federal government. Not desal in the coastal zone, which is very complicated, but we have our center about 1½ miles away from the beach outside of the coastal zone. We want to put a pumping station down by the harbor to bring that water back up and do desal there. We've been in litigation against the Gregory Canyon landfill because it could pollute our water.

He and other Councilmembers have sent letters regarding the budget and the water issues. He did a press release the other day trying to motivate the State legislation to go forward with addressing the water crisis in California, especially in the south. Up north in the San Francisco area, they probably pump 1,000,000 gallons of water into the ocean rather than pumping it down to us because of the smelt situation. We are frustrated about all of those issues. Nobody on this Council was happy about this.

MAYOR WOOD closed the public hearing.

CITY CLERK WAYNE reported that there were 39,623 mailed notifications. Out of the protest letters received, 27 could not be counted since they had no addresses or signatures. So there is a total protest of 218 households.

COUNCILMEMBER SANCHEZ stated we held a workshop and had representatives from MWD and the Water Authority. There was also a presentation by our staff regarding the requests for increases and what they would be for. The City is making good efforts in diversifying water. We go to Washington, D.C. every year to insure that our desal project, with the assistance of Federal funds, will be a reality. Residents can be proud of the progress we are making as a City to diversify our supply.

This is the first time in 9 years that she's heard that we have to do certain capital improvement projects or we won't even be able to flush the toilets. She would have wanted to know that at the time we were reviewing projects, such as Citimark. She would have wanted to know as we were approving projects how they would affect our ability to provide water for existing residents. Existing residents are doing all they can to conserve, but those existing residents are paying for new residents. The infrastructure is costing a lot more.

We approved a major addition to our sewage treatment plant, a $52,000,000 project. It was all loaned from the State at zero interest, but that meant paying back $2,000,000+ per year over 25 years. We were assured that would cover our plans into the future. We have done several things that signal to me that we had the capacity. We included Rainbow District; we did things with Camp Pendleton. Yet for the first time at the workshop she heard that we did not consider that we were going to have to increase the rates for all existing residents to cover the cost of this project. That doesn't seem fair.

She heard the same theme from MWD and the Water Authority. That there were a number of reasons for the rate increases and the decrease in supply, which all equal a higher cost for water. It was higher demand, lower supply, higher costs. She heard that it was because of the Colorado River disputes. Then she heard it was the dispute with the Central Valley. Then she hears it's the Delta. Now, of course, it's the record droughts. She saw a fundamental flaw in all of this. It's always about passing the buck. We have known about these specific issues for at least 50 years. The agencies knew for 20 some years that they were not complying with the rules at the Delta.

We live in a desert and we know how much it takes to get this water, and yet we've demanded and made no changes in our numbers coming from Sacramento that we as a County need to be able to increase to another 1,000,000 people. We cannot afford to get 1,000,000 more people because those people will need water we don't have. She has seen no fundamental policy changes from these agencies, including ours, in terms of how we can provide the services to our community and maintain a high quality without requiring existing residents to pay for future development. We continue to subsidize new development. This is the time to say no. We need to make fundamental changes to the way we do business. We have scarcity of supply. Perhaps one day we can create more of a balance in the diversification of our water supply and we can, at that time, support higher populations.

She is voting against this increase. The time has come to speak frankly with all agencies at the same level. We need to change the contributions and wining and dining that are done of elected officials in order to secure a vote on water uses.

COUNCILMEMBER KERN stated that Councilmember Sanchez left out regulatory drought that is done by the Judge up there about the little Delta Smelt. If we don't fix the Delta, we are not going to fix this problem. That's a long-term, high cost fix. The other thing is that, even tonight on our Consent Calendar, we approved starting work on our lift station at the harbor, which was put there in 1961. There is a lot of infrastructure that needs to be fixed and replaced because it wears out over time. The ones that bother him are the Buena Vista lift station and the Haymar sewer line replacement. If people will remember, last year the line across the lagoon failed for Vista Irrigation, and that was about a $370,000 fine. If we don't fund this and these lines fail, we will be paying the State in fines, so there is cost involved in maintaining a system.

The problem is MWD is the only game in town right now; there are no alternative sources of water. It's difficult to be creative when we have no place else to go to get water. We are already paying the bill, and that bill is coming due every month no matter what. Those increases have already been voted on at the MWD; they've already been passed through the San Diego Water Authority; and they've come to us. If we do not do anything tonight and we say no, the bills keep coming due. By probably the end of next year we will have no money left in reserves. They can call our bonds immediately because we don't have the debt coverage.

As much as he doesn't like doing this, we have to cover the costs that are handed down to us. We have to cover those things that come through wastewater to protect us from sewage spills and to protect our infrastructure. We can say no, but the bottom line is we have to do what's best for the City in the long-term. We are not going to the policy driven rates, but we are going to have to do, at least on the water side, the

125% of debt coverage just to stay even. On the wastewater side we only have $100,000; we're broke. We just had to redo the land outfall on Oceanside Boulevard, which was $4,000,000 just to replace that one line that collapsed because it's so old. We have that problem in the harbor and will have the problem across the lagoon. At least we didn't get fined for the spill on Oceanside Boulevard. If we spill in that lagoon, it's going to be expensive. We really have to do this. We need to go with Option 3 – 125% of debt coverage and the projects; with have to fix/maintain those projects. We have to maintain the infrastructure.

He made a **motion** to **approve** Option 2 on the water side and Option 3 on the wastewater side.

Motion failed for lack of a second.

COUNCILMEMBER FELLER stated it would be easy to say no to this, but that won't be the responsible thing to do. We need to start fighting the fight and tell our representatives to continue to fight against benefit/pension increases. We are already talking about another 17% increase next January. What would that relate to in a dollar amount?

DIRECTOR THIBODEAUX responded it would relate to about another $5,000,000, which would be a $10,000,000 hit if we didn't do the rate increase this year. It would double what we are looking at now by January of 2011.

What MWD announced at our public hearing and workshop is that they are planning to do another 17% in January of 2011, and that would mean we will be faced with almost the same increase we are faced with tonight, just for the pass-throughs.

COUNCILMEMBER FELLER stated that MWD realized that benefits and pensions are unsustainable going into the future. He hoped we would continue to fight against those benefit and pension increases in order to maybe affect the 17% in 2011. They haven't approved that 17% yet. That is an argument we can make right now. He is concerned with infrastructure such as San Diego's with regular pipe breaks and does not want to end up that way.

We have family and senior manufactured home parks, as well as large apartment complexes and master-metered communities that are probably using a larger share because we are not able to really measure in most places. He hoped we can measure that as we go into the future. How do new building and developer deferral fees affect the water rates; does it pay for itself, etc.

DIRECTOR THIBODEAUX responded that basically what we're talking about tonight is the O&M rates which fund the O&M of the Department, the debt coverage, the water purchases and the fixed asset replacements. We collect the rates from customers, and a portion of the rates go to replacement projects. Those are allocated to a project based on what percentage of that project is fixing something that's in the ground. If we have a pipe that's been in the ground for 30+ years, it needs replacement. But when you replace it, you want to upsize it for the expansion needs of the community so you replace it to what's expected to be the full growth of the community—to build out. The funds you use are the ones that were paid for by the developers. Those are restricted funds. When a developer pays a buy-in fee, those funds are segregated from the other funds and can only be used for expansion purposes, meaning growing the system to meet future demands. You sometimes use both funds on a project because you're replacing an asset that needs replacement and you're building it to future needs, so you use the developer fee to pay for that portion.

We determine fixed asset replacement funds by the depreciation of the assets in the system. In other words, over time we have a depreciation that occurs because it wears out, and from that we develop the funds that we put in the rates to set aside for replacing the fixed assets.

COUNCILMEMBER FELLER asked if you are saying that new projects pay for themselves.

DIRECTOR THIBODEAUX responded they pay for expansion of the system. When they buy in, they are buying into the value of the system itself.

COUNCILMEMBER FELLER asked if they are paying for water just as somebody who's been here 50 years.

DIRECTOR THIBODEAUX responded yes.

COUNCILMEMBER FELLER stated that debunks the myth that they are not paying for themselves. Deferral fees doesn't mean they aren't paying, is that correct?

DIRECTOR THIBODEAUX responded that rather than paying at the point of issuance of the permit, they will be paying at the point of occupancy. We will issue the meter once those buy-in fees are paid, so they will not have water until they pay their buy-in fees.

COUNCILMEMBER FELLER stated MWD is already charging us as of September 1st and there is no way we can get that back, is that correct?

DIRECTOR THIBODEAUX responded yes.

COUNCILMEMBER FELLER asked if we measure low, medium and high sewer flow.

DIRECTOR THIBODEAUX responded that it is done by winter quarter average. The reason is that there is no flow meter on the sewer system on your house so we determine it when, theoretically, it's a rainy season, and you go into that category for the next year as a low, medium or high user. People are really good at getting into the low tier during winter months because they're not irrigating. It's supposed to reflect the true use of the system.

COUNCILMEMBER FELLER asked how many official droughts we have been through.

DIRECTOR THIBODEAUX responded in his career it's been 2; the drought in 1991 and this one.

COUNCILMEMBER FELLER stated we know we're in a desert, and we know 1,000,000 people are coming, if not more. That isn't something we can stop without legislation. We need some increase at this point. Conserving is for water that you use. There are only a few things that can be done to conserve wastewater, and that is to not flush or shower as often. Irrigation is mostly the cause of the water side, is that correct?

DIRECTOR THIBODEAUX responded yes. Irrigation is 60% of water use now.

COUNCILMEMBER SANCHEZ stated that this is basic supply and demand. If you have a larger demand and a smaller supply, the costs go up. It most definitely is new development not paying for itself. More people mean more costs to existing rate payers.

MAYOR WOOD moved to **deny** the rate increases.

COUNCILMEMBER SANCHEZ seconded the motion.

Motion **failed 2-3;** Councilmembers Kern, Chavez and Feller - no.

COUNCILMEMBER CHAVEZ stated the Mayor made a motion to have no increases in rates. Right now across the nation, the State and the City, people are angry; it's understandable. People are worried about their jobs, healthcare, gas, their kids, etc. At times like this, leadership really needs to step forward and identify calmly what needs to be done.

There was a lot of discussion earlier about MWD and pension benefits that were going forward. He was very vocal about his opposition to this, as were many councilmembers throughout. MWD did back down from that position. He said that because he has seen emails coming through and a lot of people assumed that the increasing of the rates has to do strictly with the MWD pension plan and it didn't.

It is upsetting that we pay $3.00 or $3.10/gal. for gas now. These are the times we are going through right now, so we have to start looking at what we're doing. He agrees philosophically with Councilmember Kern with respect to his comparison of maintaining the infrastructure like you maintain your car or it will break down. But in tough times for families, sometimes you look at your tires and think you can do another 10,000 miles. You make those decisions in tough times. He sees the water rates the same way. It's important that we pay our bills. The reality is it's a $5,000,000 increase we're paying for water right off the bat. We need to do that. It's the same for the sewer rates at some point. He can see the wisdom in the motion of opting for Option 2 and 3; however, it's not realistic looking at what people are paying.

In listening to everybody speaking, a good percentage were very upset with this but you said to do the minimum: Option 1.

Therefore, he **moved to approve** Option 1 of the water increase and Option 1 on the wastewater increase. That's the minimum debt coverage and paying for the water. He recognized it has the potential for future issues, but it is the prudent thing to do right now.

He challenged staff. MWD listened to us because we were upset. For us to wait for another 15+ months when they hit us with another 17% increase again and that's the way it is—he says we go back at MWD now and tell MWD we are not paying another 17%. When you look at their pay raises/pension benefits, they will get that back somewhere and he wants to see where that is at. The message needs to go out from our staff, lobbyists and whatever we have to do to tell MWD we are not allowing them to keep on being a shadow government and being unaccountable to the voting public. He recommended addressing the system we're in right now. This is a long-term problem and we need a long-term solution.

COUNCILMEMBER KERN would go along with the minimum Option 1 for the water, but still thought Option 3 for wastewater is very important. If those lines fail, we will pay high fines and still have to replace those lines on an emergency basis because we haven't maintained them. He agreed with Option 1 for the water but would like to do Option 3 on the wastewater side since the fund balance is broke on the sewer side.

COUNCILMEMBER CHAVEZ asked if he would agree to Option 2 on the wastewater.

COUNCILMEMBER KERN asked if that fixes our problem.

DIRECTOR THIBODEAUX responded Option 2 deals with debt coverage, and it doesn't provide extra money for capital. Option 3 provides about half the capital funding for the 2 projects he talked about earlier: Haymar and Buena Vista that is in this year's budget. Otherwise we will not proceed with those until we have sufficient funds or borrow money. The minimum option gives us the capability, because we are meeting our debt, to seek funding.

COUNCILMEMBER CHAVEZ stated his motion stands with Option 1 for both

water and wastewater.

COUNCILMEMBER KERN seconded the motion for further discussion.

MAYOR WOOD stated Councilmember Chavez believes we should tell MWD next time that we aren't going to take it anymore. He believes we should do that this time and fight it now. He sent out letters, press release, etc.

COUNCILMEMBER FELLER asked if we could somehow put in place a 2% or 3% CPI or something going forward.

DIRECTOR THIBODEAUX responded that could be done at Council's discretion. It can be done with Proposition 218 by doing a multi-year hearing. Some agencies do that, where they do CPI over the long-term.

COUNCILMEMBER FELLER stated we should probably look at that going forward rather than be in this predicament. He asked staff to again state what happens if the minimums are not covered.

BRIAN FORBATH, City's Bond Counsel, responded that late last year the Council approved the refinancing of some sewer debt. The City did go to the rating agencies at that time and got a very strong A+ rating. However, based on the A+ rating, the City could have done better and decreased its borrowing costs had it proven to the rating agencies that it had sufficient coverage in past years. The City missed coverage on its debt on the wastewater side in fiscal year ending 2008. That very likely cost the City an A+ rating and lowered it to AA- rating. He doesn't know the exact dollar impact, but it was significant because the rates were not in place to provide the adequate coverage. He has not been involved in all of the financial engineering here, but he does know from looking at the numbers that passing just the minimum rates has a razor thin margin of error with respect to what dollars will actually come in based on capacity on the water side and usage on the sewer side. Later on this year, if the projections are off, you could very well be looking at another rate increase if it does not come to fruition. There is not very much room in the minimum increase here.

The City has covenanted to its existing bond holders that it will set and collect rates and charges that will equal net revenues of 115 times your debt service in each fiscal year. If the City fails to do that, then it's a covenant default under your existing bond documents. On a couple of City deals, you have a municipal bond insurer who you've made this promise to. On some deals, you've made it just to investors. In the deals with the municipal bond insurers, the right and remedy under the documents is to put you all on notice that you need to remedy the situation within 60 days. If you fail to do that, then they can seek, by Writ of Mandamus or other action, to compel you to raise rates. If you don't, then they can accelerate all of your debt and make it due and payable, and a court would require you to raise rates at that time. That is the situation the City is in, especially on the wastewater side, where there is such a razor thin margin.

COUNCILMEMBER FELLER clarified that if the minimum is done, we are still all right, but its razor thin. We all approved this bond package at the end of last year; it was a 5-0 vote.

BRIAN FORBATH stated this wasn't only last year's bond package. These are the same covenants that have been brought forward for many years.

COUNCILMEMBER FELLER stated we incurred debt, and we need to pay for it. It would be easy to say I want to be the one that said no to MWD. But we didn't commit that 'no' before this night. He would support the minimum and expect staff to talk to MWD and the Water Authority now so we aren't dealing with the 17% in January of 2011.

MAYOR WOOD understood about the bonds, but it's a different world out there

now because the economy is certainly a disaster. The State recently kept $14,000,000 from us, which was our citizen's tax money to balance their budget. That means litigation and lawsuits will come to the State. Does the State have the right to take monies and bankrupt cities; is that legal? That certainly affects the bond issues in these cities. So that changes the whole dynamic of funds and bonds.

MR. FORBATH responded yes, but most of those impacts are on the General Fund side and General Fund borrowings. This is utility borrowing from water and sewer, which are directly collected from property owners on their rates and charges. Under Proposition 218, the State really doesn't have the ability, under the Constitution, to go after that money. They can steal your property taxes, vehicle license fees and gas taxes, but not necessarily water and sewer. During this whole fiscal crisis with the financial markets over the last year, the water and sewer credits and electrical credits are the ones that have performed the best. In 2008, when the City did its sewer deal, you probably couldn't have been in the market with a General Fund lease deal at that time. It was because of the strength of the utility credit and the fact that there is a covenant, a promise, in your bond documents that the City will raise rates and charges to meet its debt service. That was the only way that the City was able to sell that deal to the public at the time. That is the promise that was made at the time Council approved that deal and it is a promise that was made going back. Previous deals back 15+ years ago have these same covenants in place.

MAYOR WOOD stated his point is that the State took a large chunk of our money and promised to pay it back in maybe 3 years. Other cities are going broke because they don't have the money to pay their debts because of this. It is an interesting dilemma and is frustrating. This entire thing was brought about by others; not use.

COUNCILMEMBER SANCHEZ stated that the last time we were here, she asked us to take a stand and said no. She has been saying no and questioning the projects that have been brought before us. These projects have passed 3-2. There was a senior living project that was just approved a few months ago. We knew up front that this 4-story project in Jeffries Ranch was going to use more water than our agriculture. We approved it knowing it was going to up the ante for all of us. Not just for those folks but for all of us, including agricultural. We are trying to put a bridge over the river so we can urbanize the entire area, etc. We will be bankrupt because we will not be able to provide services, and we won't be collecting fees. We've never collected fees for sewage or for water. The majority of this Council wants to go along with these developer-driven projects without regard for the quality of life for existing residents. We need to say no starting tonight.

COUNCILMEMBER KERN stated we are covering the minimum here. That's what the public said, that if we have to do it, do the minimum. He is still concerned about the sewer, but he isn't going to get movement from anybody to cover those critical maintenance issues.

He did send a letter to MWD; to all 37 Board members, protesting the raises in pension and labor costs. If that had gone through, their costs over 5 years would have actually gone down. My concern was that at the end of those 5 years, all of that saving would be gone because it would ratchet back up. It was bad public policy to do it at this time in light of the actuarial rates.

When we talk about growth, the SANDAG 1,000,000 people is internal. Those people are here; they are children and grandchildren. People are staying here. That will continue to happen unless everyone agrees not to have any grandchildren. The reality is that people are having people, and we have to accommodate that. We don't push growth, but we have to plan for growth. We can't stick our head in the sand and say if we don't build it they won't come. They are coming because they are having children.

In response to some comments, this is a self-contained fund. What happens in the Police Department and General Fund has nothing to do with what happens in this fund. What happens at MiraCosta College has nothing to do with this enterprise fund. This is a business that we're running within the City to supply water. This Council sits as the Water Board because we have our own water utility. Since he cannot sway other members to move off the minimum, he would support this but it is like crossing your fingers that things don't break.

In response to comments, **COUNCILMEMBER FELLER** clarified that projects were approved 3-2, but the bond purchases that we made were approved 5-0.

Motion **failed 3-2;** Wood and Sanchez – no [action requires 4 affirmative votes due to Proposition 218—per City Attorney analysis]

CITY MANAGER WEISS commented that as you didn't have the 4 required votes, staff will put together an action plan over the next several weeks to address the ongoing payments that we will be making to MWD and the capital projects that we will have to convert to operating capital.

[Recess was held from 8:53 – 9:04 pm – Councilmember Feller is absent]

MAYOR WOOD determined to hear Item 31 at this time.

31. **City Council: Acceptance of Community Development Block Grant Program – Recovery Act (CDBG-R) grant funds in the amount of $485,796 from the U.S. Department of Housing and Urban Development under the American Recovery and Reinvestment Act of 2009; appropriation of CDBG-R funds to eligible activities, and authorization for the City Manager to execute the grant agreement and contracts with subrecipients**

A) Mayor opens public hearing – hearing was opened.
B) Mayor requests disclosure of Councilmember and constituent contacts and correspondence. Mayor Wood and Councilmembers Kern, Chavez and Feller reported contact with staff. Councilmember Sanchez reported no contact.
C) City Clerk presents correspondence and/or petitions - None.
D) Testimony, beginning with:

JOHN LUNDBLAD, Management Analyst, stated a couple of months ago Council authorized us to apply for these funds. Now that the funds have been awarded, we are coming back to Council for the appropriation of these funds to the eligible activities and also to make one change. Originally, we were going to send $60,000 to the projects to increase sidewalks on the Eastside, based on an estimate that the project was going to be well over $100,000. When Public Works went out for bids, the high bid was under $80,000 so we do not need to put money there. Therefore, we spread the money out among 4 other projects: the Country Club Senior Center, the Family Recovery Center, North County Health Services, and the Women's Resource Center, and also for some additional small energy efficiency projects. My example of this is the Campfire USA building in Crown Heights, they still have the 8-foot fluorescent tubes. They are getting an energy audit from SDG&E to make them more energy efficient and promote energy independence.

Administration and management is capped at no more than 10%. That doesn't mean we'll spend all of that, but we can spend no more than that. We are asking tonight to appropriate the funds for those projects.

Last Saturday was the deadline for filing the first reports on the Recovery Act programs with federalreporting.gov. We submitted all of our reports, and they will be on the City website after tomorrow. You will also be able to track them on the Federal website recovery.gov. This is probably the most intense and most transparent reporting that we've seen.

Public Input

JOAN BROWN, 511 Rockledge, didn't realize we were going to do sidewalks which we should be doing. In a report it says last year we got $1,788,000 in CDBG funds. Every time something gets approved for these funds, it's for some small amounts in the $100,000 range. Where does the big money go? She'd like to know where this $500,000 is going to go. The City should get some of this for infrastructure, such as sidewalks, streets, undergrounding utilities such as on Division Street, which would benefit the whole neighborhood. Now that we are in with Eastside, every time she reads a report it always has Crown Heights getting funds. She has been fighting for things for Crown Heights for 5 years, and all we got were lights and lamp posts. This money should be used for improvements for the whole area, not just for housing.

Public Input concluded

JOHN LUNDBLAD responded that it is difficult to see where the money goes. Approximately $400,000 of this year's CDBG allocation, over 20% of it, went to pay Section 108 loans. This is the last year payment for the Libby Lake Community Center, and this was the first year of 20 years of payments on the $3,500,000 we took out for Fire Station 7 on Mission Avenue.

In terms of infrastructure, there's not much you can do with $100,000 or $200,000. With the Crown Heights/Eastside Neighborhood Revitalization Strategy (NRS), we will be talking about the possibility of a Section 108 loan for major infrastructure activities that benefit the neighborhoods. We can talk about undergrounding utilities, what to do with Joe Balderrama and major other activities. Beyond that we are down to these little projects that we believe benefit the entire community.

[Councilmember Feller returned to the meeting at 9:07 pm]

MAYOR WOOD closed the public hearing.

COUNCILMEMBER SANCHEZ stated that we have made some strides in Crown Heights. We put in the pocket park, did renovations to the Americanization Center and have been working with Campfire in terms of improvements to that structure, as well as other programs. We've done a beautification project in Crown Heights. It doesn't seem like a huge impact, but we have done some work with small funds, along with community policing and working closer with the community. She looked forward to the revitalization project that will incorporate Crown Heights and the Eastside. She feels that this is an appropriate allocation of these funds.

She **moved** that the City Council accept the Community Development Block Grant Program - Recovery Act funds in the amount of $485,796, appropriate funds to eligible projects at the Oceanside Senior Citizen's Center, Family Recovery Center, Women's Resource Center, North County Health Services Oceanside Clinic and other projects to promote energy efficiency and water conservation; and authorize the City Manager to contract with the subrecipients [staff recommendations] **[Document Nos. 09-D0670, 09-D0671 and 09-D0672]**.

COUNCILMEMBER CHAVEZ seconded the motion.

COUNCILMEMBER FELLER asked what funding do we use for the SUN projects.

JOHN LUNDBLAD responded the funding for the SUN projects comes from a variety of sources. CDBG, as Federal money, cannot be used to benefit individual homeowners so the CDBF funds ($50,000) primarily are used to cover the costs of Code Enforcement and Public Works workers who have to be there on that day. The other major source of funds is approximately $75,000 this year from the Mortgage Revenue

Bond available balance. The third source is donations we get from businesses and community organizations.

Regarding disclosure of constituent contacts, **COUNCILMEMBER FELLER** had staff contact, and asked what funding we use for the SUN projects.

JOHN LUNDBLAD responded it comes from a variety of sources. Federal CDBG money cannot be used to benefit individual homeowners, so $50,000 of CDBG funds are primarily used to cover the costs of Code Enforcement and Public Works presence on that day. The other major source of funds is approximately $75,000 this year from the Mortgage Revenue Bond available balance, and then a third source are donations from businesses/community organizations.

Motion was **approved 5-0**.

MAYOR WOOD determined to hear Item 32 at this time.

32. **City Council: Approval to deobligate and reallocate $37,220 of Community Development Block Grant (CDBG) funds; approval to appropriate $37,220 from the Mortgage Revenue Bond Fund for emergency housing activities; approval to appropriate $5,500 from CDBG contingency funds for improvements to Joe Balderrama Park; and approval to amend the 2009-10 Action Plan accordingly**

A) Mayor opens public hearing – hearing was opened.
B) Mayor requests disclosure of Councilmember and constituent contacts and correspondence. Mayor/Councilmembers reported contact with staff only; Councilmember Sanchez report contact with and public.
C) City Clerk presents correspondence and/or petitions - None.
D) Testimony, beginning with:

JOHN LUNDBLAD, Management Analyst, stated whenever we deal with CDBG or HUD funds, there is an absolute requirement of doing public hearings. This item is before you because we are trying to find ways to save General Fund monies in this current fiscal year 2009/2010 by deobligating funding for 3 housing programs and then backfilling with funds from the Mortgage Revenue Bond available balance, which is limited specifically only to housing activities. It is a wash for the 3 subrecipients. By doing this, $37,220 becomes immediately available in this fiscal year to support Community Resource Center operations. Also, $5,500 would go to improvements to Joe Balderrama Park. There is a piece of land to the west of the handball courts that we want to fence in and make inaccessible to anyone. We are not losing recreation space. The handball courts will still be useable by anyone. This fencing will keep people from hiding behind the handball courts. Little things can go a long way against crime and gangs.

Public Input

JOAN BROWN, 511 Rockledge, stated that last year Joe Balderrama Park got $250,000 in CDBG funds for master planning. Over $5,000 for a chain link fence seems like a lot. Chain link is a blight to a neighborhood, and there must be something else you can put in.

Public Input concluded

MAYOR WOOD closed the public hearing.

COUNCILMEMBER SANCHEZ stated the community has been meeting over this issue and have come to consensus regarding the handball courts and the problems, and this is what they are asking for. The neighborhood looks a lot better with what has been happening. This will not look blighted at all and will match what is there now.

She **moved approval** of the deobligation of $37,220 of fiscal year 2009/2010 Community Development Block Grant public service funds allocated for homeless services at YMCA Oz North Coast Youth Center, the Women's Resource Center domestic violence shelter and Fraternity House; appropriate $37,220 from the Mortgage Revenue Bond Fund available balance to replace the deobligated funds for these services; appropriate $37,220 of CDBG public services funds to Community Resource Centers and $5,500 from CDBG contingency funds for improvements to Joe Balderrama Park; and approve amending the 2009-10 Action Plan accordingly [staff recommendations] [**Document Nos. 09-D0673-1, 09-D0674-1 and 09-D0675-1**].

MAYOR WOOD seconded the motion. He noted that Councilmembers Sanchez and Chavez and he went to the community meeting at Balderrama. The No. 1 item was to do something about the handball courts. He would support this.

Motion was **approved 5-0**

MAYOR WOOD determined to hear Item 40 at this time.

INTRODUCTION AND ADOPTION OF ORDINANCES

The following items are ordinances for introduction or adoption by the City Council/HDB/CDC. Ordinances are laws of the City of Oceanside and require introduction and adoption at two separate City Council meetings (urgency ordinances are an exception, and may be introduced and adopted at one meeting as an emergency measure). The City Council/HDB/CDC has adopted a policy that it is sufficient to read the title of ordinances at the time of introduction and adoption, and that full reading of ordinances may be waived. After the City Attorney has read the titles, the City Council/HDB/CDC may introduce or adopt the ordinances below in a single vote. There will be no discussion of the items unless requested by members of the City Council/HDB/CDC or the public through submittal of a Request to Speak form prior to the commencement of this agenda item.

40. **City Council: Adoption of an ordinance of the City Council of the City of Oceanside establishing the Temporary Fee Deferral Program for development impact fees *(introduced 9/2/09, 3-2 vote, Wood and Sanchez–no)***

CITY CLERK WAYNE noted there had been one request to speak – Nadine Scott was in protest, but had to leave.

Following the reading of the title, **COUNCILMEMBER CHAVEZ moved adoption** [of **Ordinance No. 09-OR0676-1**, "...establishing the Temporary Fee Deferral Program for development impact fees"].

COUNCILMEMBER KERN seconded the motion.

Motion was **approved 3-2;** Wood & Sanchez - no

MAYOR WOOD determined to hear Item 8 at this time.

Items removed from Consent Calendar for discussion

8. **City Council: Approval of plans and specifications for the Oceanside Boulevard – Interstate 5 to Crouch Street Landscape Improvements project; and authorization for the City Engineer to call for bids**

Request to speak

JIMMY KNOTT, 127 Sherri Lane, stated that according to the staff report this is going to cost $530,000 from a 'community facilities' fund. The public needs an explanation of this to understand where those funds come from. Is there a reason for deferral from one source to another; had the funds previously been obligated and are

now being deobligated? With the budget cuts to vital services during this time, we have to cut use of funds that are not essential. If this is non-essential, let's cut this.

COUNCILMEMBER SANCHEZ had asked the City Manger about these funds, and we had put these funds aside from the General Fund for this purpose. When she asked if this landscaping could be put off for a couple of years instead of cutting an ambulance and impacting the lives, she was told this is a Council priority. The majority of the Council would prefer to put some plants in rather than save lives. Our priorities are skewed. This was at a budget workshop. It was re-emphasized by Councilmember Kern that we need to have this for business. When a business knows there is a higher crime rate and a delay in emergency response, then that business probably will not be here. It's more important to businesses to have access to timely public safety.

She went to a community meeting where residents asked why the City is spending money on this, and don't we have a problem with the budget. We had a hiring freeze but we actually hired someone for this purpose because it is a high priority for the majority of this Council. She cannot support this, although the cost is now down to $530,000 instead of $689,000 previously.

COUNCILMEMBER FELLER asked where this money came from and how this particular money could be used if we didn't approve this.

CITY MANAGER WEISS stated that back in 1999 or 2000, the City established the Community Facilities Fund. In that fund, up until 2 years ago, you were allocating $250,000 per year for gateway projects; $100,000 per year for deferred building maintenance; $100,000 per year for deferred pier maintenance; and approximately $600,000 for fire apparatus replacement.

The $680,000 that Councilmember Sanchez referred to is an accumulation of those funds over the years. You had a series of gateway priorities that have already been completed that included North Coast Highway, along with some others. The $680,000 is available, but this action is to go out to bid; we don't have an estimate yet. That money is General Fund money that was put into that account to pay for landscaping improvements, and it was an accumulation over time. We no longer fund that money. The $250,000 per year has been eliminated as of last year. The only thing that remains is funding for fire apparatus replacement and deferred pier maintenance.

If Council wanted to, you could allocate that money to any project or use at your discretion, since it is a one-time source of money.

COUNCILMEMBER FELLER stated the City is obligated to annually spend $2,900,000 in discretionary funds for road improvements under the TransNet extension. It says failure to meet the maintenance of effort threshold would cause SANDAG to reduce Oceanside's TransNet funding by the amount of the shortfall. Are we covering that obligation?

CITY MANAGER WEISS responded no. Under the TransNet extension, the way the maintenance of effort was calculated resulted in an increase for all cities, including us. He doesn't know how far we are off. He believed we were relying on these discretionary funds to insure that we met that maintenance of effort and asked Mr. Kellison to respond.

GARY KELLISON, Senior Engineer, responded that cities have a maintenance of effort as it was written into the renewal of the TransNet Act to prevent cities from backfilling funds that the State has taken away with TransNet funds. It was a way to assure the taxpayers of the County that when they devote ½ cent of their sales tax to better roadways, it would stay on roadways and that cities would maintain their constant General Fund or other sources for the funding. Our new requirement is $2,900,000. We have a base of approximately $1,300,000 that we use in General Funds to support the street maintenance operation-- the Public Works Department. That would mean we need another approximately $1,600,000 of annual spending from

sources that are discretionary, such as redevelopment, parks fees that support roads, supporting parks or General Funds. There are very few projects in the current CIP budget that are funded with the correct category of funds. Most of our funds are non-discretionary, such as gas tax and TransNet. If we do not expend the money to meet maintenance of effort this year, it will be a dollar-for-dollar reduction in TransNet next year.

COUNCILMEMBER FELLER asked if that is a pretty serious hit on our roads and that type of use.

MR. KELLISON responded that traditionally we've used TransNet to fund our overlay program or neighborhood slurry seal program so it would be an equivalent reduction the next fiscal year.

COUNCILMEMBER FELLER does not think we can afford to let our streets go.

There was a reference made that all we're going to have is one fire engine showing up with one firefighter/paramedic, but in actuality most of our captains and engineers in the Fire Department are firefighters/paramedics.

He **moved approval** [of plans and specifications for the Oceanside Boulevard – Interstate 5 to Crouch Street Landscape Improvements project; and authorization for the City Engineer to call for bids]

COUNCILMEMBER CHAVEZ seconded the motion.

MAYOR WOOD didn't agree at the budget workshop with the cuts being made in public safety. What happens when the State kicks people out of the State prison system, and they go to towns with parole offices, such as Oceanside, and perhaps our crime rate may go up. It is a concern.

Also, the Sprinter line was supposed to give us betterments to landscape along the line on Oceanside Boulevard, but they pulled out of that because of financial issues. They settled a lawsuit for a minimal amount of money. His priority is to take care of the citizens and their medical needs first.

COUNCILMEMBER SANCHEZ was advised by the Fire Department personnel staff that it is one paramedic that would arrive with a fire engine, and you would have to wait for an additional unit if you are the 4th person calling into 911. She doesn't think people would mind streets being put off for a year.

COUNCILMEMBER CHAVEZ stated the issue before us is that the citizens of San Diego County voted for TransNet, and a component of TransNet was that the money had to go to the local communities. As Mr. Kellison said, if we don't use a dollar in our own discretionary funds, then TransNet will not give us a dollar. In this case it's $2,900,000. If we don't use the discretionary money for this, we will not get the TransNet dollars. So citizens will be paying taxes every time they fill their gas tanks, and that money would be going to some other municipality because we did not use the money for our streets.

He is concerned about the safety of the community, the preventative programs that keep kids out of gangs and the need to have food for the seniors at the Senior Center, etc.. But we need to also understand how the categorical funding system works and make the prudent decisions because our citizens are being taxed for TransNet. We need to play by the rules and spend a dollar to get a dollar. The other fear comments and misinformation has nothing to do with the reality of the issue before us.

Motion was **approved 3-2;** Wood & Sanchez – no

18. **City Council: Approval to accept grant funds in the amount of $160,000**

awarded to the City of Oceanside by the San Diego Association of Governments (SANDAG) from the regional Smart Growth Incentive Program (SGIP) to supplement funding for preparation of the Oceanside Boulevard Corridor Specific Plan and associated Environmental Impact Report; adoption of a resolution authorizing a grant agreement with SANDAG for the use of the funds; authorization for the City Manager to execute the necessary grant documents; and approval to appropriate the funds.

Request to speak

JIMMY KNOTT, 127 Sherri Lane, stated that, reading the staff report, SANDAG has agreed to pay $160,000 to the City if the City contributes $320,000 to the ultimate project, which this is a part of. Staff proposes to use these funds and seek repayment from an unknown source and place and time. This is not time sensitive. Oceanside Boulevard is not going anywhere. Plus, almost every member of the Oceanside Vision Committee has volunteered to do this work, to seek private donations and do the work that needs to be done. This money can go to the needs in public safety.

SANDAG is composed of representatives from each city in the county. Those representatives could vote to defer the matching funds from any item until better economic times.

COUNCILMEMBER SANCHEZ stated the staff report is different from what she remembered. She remembered a developer coming forward, apart from the vision of the corridor, who wanted to change the zoning to a mixed use, with no discussion regarding commercial. This area was set aside for jobs, and here was a developer who wanted to basically build housing. He said at the time through Mr. Lightfoot, his representative, that he would put forward $320,000 if the City would match that. That would be for his project and that part of Oceanside Boulevard east of I-5. It totally benefitted the developer. The Council majority agreed that the City would match that $320,000.

Well, the developer and the project dropped out, and City staff is still pursuing this. She was surprised to see this during budget discussions and had stated this is illegal. The motion was to match the developer, and the developer dropped out so that means zero dollars should be going here from the City. In the meantime the City applied for funds from SANDAG for assistance. SANDAG does have the power and authority and we can put this project off. We're not saying don't move forward the vision. The vision was supported by everyone. However, we don't have discretionary funds. We have to be concerned about the safety of our residents.

There is no longer authority to move forward since the developer dropped out. She is also concerned that we are still thinking of plants and pictures and studies that will probably gather dust like over half of our studies do. In 2+years when someone is finally interested, we will have to do another study, because it will be a different developer that we have to accommodate. She says no.

COUNCILMEMBER CHAVEZ noted an opportunity of sitting on SANDAG's planning committee for North County Transit District (NCTD) and also having the opportunity to sit on NCTD to see what their plans are, in the County the watchword is sustainable communities. The communities need to be environmentally friendly and take their natural resources and amplify them. In the case of Oceanside Boulevard, it is restoring Loma Alta Creek. Why would the City not want to restore a creek that is blighted. Why would the City not want to look at their zoning so that we have sustainable communities and we use less water, be more environmentally friendly, have better transit routes so we can get out of our cars and use public transportation He supported that. That is what this is.

If you look at the reports coming from SANDAG, one of the cities that's highlighted the most as far as thinking forward 20 to 30 years is Oceanside; in particular

Oceanside Boulevard. That is why NCTD and SANDAG applaud us. That is why we need to take advantage of this time to make us sustainable and environmentally friendly and recapture our natural beauty—the Loma Alta creek.

He **moved approval** [of staff's recommendations including ...to accept grant funds in the amount of $160,000 awarded to the City of Oceanside by the San Diego Association of Governments (SANDAG) from the regional Smart Growth Incentive Program (SGIP) to supplement funding for preparation of the Oceanside Boulevard Corridor Specific Plan and associated Environmental Impact Report; adoption of a resolution, **Resolution No. 09-R0656-1,** "... authorizing a grant agreement between the City and the San Diego Association of Governments (SANDAG) that provides the City with $160,000 from the Regional Smart Growth Incentive Program to supplement funding for the Oceanside Boulevard Specific Plan and associated environmental impact report," authorizing a grant agreement [**Document No. 09-D0657-1**] with SANDAG for the use of the funds; authorization for the City Manager to execute the necessary grant documents; and approval to appropriate the funds.]

COUNCILMEMBER KERN seconded the motion.

COUNCILMEMBER FELLER asked how long ago the $320,000 was allocated.

RUSS CUNNINGHAM, Planner, responded the $320,000 was allocated from the General Fund 2 years ago.

COUNCILMEMBER FELLER asked if that $320,000 was to match Shea Properties, who said they wanted to use the money to look at areas A and B in the study.

MR. CUNNINGHAM responded that predates my arrival at the City but my understanding is that these funds were allocated prior to discussions with Shea Properties and Mr. Weiss. The money that Shea was willing to put up was simply matching the City's contribution.

COUNCILMEMBER FELLER asked if the use was for areas A and B, which is I-5 to Crouch.

MR. CUNNINGHAM responded he can speak to the question about the planning areas or subareas that would be the focus of this study. They would be subareas A and B, which would extend to Canyon Drive, just east of the Crouch Street Sprinter Station.

GEORGE BUELL, Development Services Director, responded that as to the allocation of City funds to the project, he believed we had $320,000 allocated to this project. At the time that the money was set aside, it was not determined which areas it would serve. As the project became more clear and Shea Properties came to the table, it was agreed upon by staff and ultimately by Council that we would work just within areas A and B.

COUNCILMEMBER FELLER stated the Mayor voted for the $160,000 Grant funding to be given to the City in his position as representative on SANDAG. All we have to do is say yes to the $160,000.

MR. CUNNINGHAM responded that in January of this year Council directed staff to pursue the Smart Growth Incentive Program grant monies for this project.

COUNCILMEMBER SANCHEZ questioned why someone was hired during a freeze a few months ago when we are letting all of these other people off for future planning.

MAYOR WOOD stated when he was at SANDAG he voted for the $160,000, and

his understanding was that we had a developer who was going to match funds with us to do that. He was not going to turn down $160,000. But things have drastically changed since that vote, and each side has explained why and where the money should or shouldn't go. It comes down to how we want to use the money. I support gateways all over the City, but it isn't the right timing for this.

Motion was **approved 3-2;** Wood & Sanchez – no

MAYOR WOOD determined to hear Item 35 at this time.

CITY COUNCIL REPORTS

35. Mayor Jim Wood

MAYOR WOOD noted the tragedy in Samoa. Our thoughts are with them there and the Samoan community here. A relief fund has been established at Bank of America. Several employees lost family members there. Also, it is our Sister City.

He commented on: --the picnic today at the Oceanside Senior Center to thank the volunteers from Genentech who sent over a large crew of employees to paint the interior of the Center on Country Club Lane; --it is flu season, and we all need to get our shots and take the appropriate precautions; and -- the 8th Annual KOCT Fund Raiser is at the Outback on Saturday, November 7th.

36. Councilmember Rocky Chavez

COUNCILMEMBER CHAVEZ reported that NCTD is going throughout the area and holding mobility studies. What may result is bus lines traveling at a certain time are all going to be changed. The study is not looking at the traditional lines that busses would be going down, but in where the densities of the population and uses are so it can work together more with the busses, Sprinter and Coaster. This will be a big issue in Francine Villa. He expects to see some impacts on Douglas and Vandegrift. If you are a resident and dependent on the bus, you should go to one of the mobility site meetings. This is the beginning process to make NCTD more efficient since they have also been hit with significant budget cuts from the State.

He announced the following:

-- League of California Cities has cities partnering together about fixing the issue of water. Where we recognize the need to protect our unique environment, it is also important to provide water. Cities in the Central Valley have a 40-50% unemployment rate and people are hurting. So, this is the No. 1 issue the League is taking on right now. They are also going to stand up strongly against the State taking funding away from the cities. They are asking each elected official to contribute $100 of personal money to this effort to get an initiative to protect the funding at the State and also that we each get 100 people to sign a petition saying cities need to be protected from the State. There is no partisan divide over these issues.

--Interfaith Transitional Youth Academy takes at-risk kids around the cities to take pictures. We took them on top of the Pac Bell building. The pictures they took will be on display on Saturday, November 7th at the OPT Underground Gallery.

37. Councilmember Jack Feller

COUNCILMEMBER FELLER also reported on the tragedy in Samoa. The community came together on Saturday and Sunday and filled four 20-foot trucks with supplies to go to Samoa.

He announced the following:

--League of California Cities voted on Monday to discuss and take forward the sustainability of the pensions and benefits.

--the Mayor and he were at McAuliffe's Walk to School Day.

--the Chamber's Excellence in Education Awards Dinner was held at the El Corazon Senior Center honoring the staff and classified employees.
--a new grandson was born last Tuesday—Joel Franklin

--Rick Castro passed away last Tuesday. Jim Wootton passed away' he owned Wootton Appliances for over 60 years. He was a great man.

--He will be the guest speaker at the Navy Ball this Friday.

38. Councilmember Jerry Kern

COUNCILMEMBER KERN stated that last week at the Coastal Commission hearing, the Coastal Cities Issues Group for the League of California Cities presented their plan to keep working at a staff level to try and clarify the process for Coastal Permits. Hopefully at the end of the process, there will be a clear way to process local Coastal plans and amendments.

He announced the following:

--this Saturday John Daly is getting inducted into the Hall of Fame at Oceanside High School.

--he sent best wishes to City Attorney Mullen who blew out his rotator cuff.

39. Councilmember Esther Sanchez

COUNCILMEMBER SANCHEZ announced attending the following:

--the South Morro Hills Bi-Annual meeting;

--Surf for the Sea surf contest;

--the Integrated Waste public workshop regarding the drafting of Requests for Proposal for consultant for the solid waste and recycling consulting services;

--a Mission Avenue Affordable Housing Mixed Use Development Site community Workshops;

--the Noche Mexicana was held on September 15th ;

--SUN 2009 Project for the back gate area to thank all the volunteers;

--the SANDAG Shoreline Preservation Working Group, who are continuing to study the sand replenishment issue;

--the Oceanside Museum of Art Culinary Cinema Series;

--a guest speaker at the MiraCosta Adult Learning Center;

--the California Surf Museum event that honored Duke Boyd, the creator of Hang Ten;

--put together a group meeting to address the traffic issues at the front gate;

--the WasteCon conference, which was suggested by one of our

Commissioners at the Integrated Waste Commission and where she learned a lot about what we have and will need in the future. We are paying the highest solid waste rates in the region. There is a comparison study being done and that study is supposed to be coming out with a recommendation that we lower our rates;

--attended her first full Coastal Commission as the newest Coastal Commissioner;

--Ecuentros last Saturday, which helps young Latino boys stay in school;

--the Eastside Fall Fair; and

--the Brother Benno Annual Fashion Show fundraiser.

PUBLIC COMMUNICATIONS ON OFF-AGENDA ITEMS

No action will be taken by the City Council/HDB/CDC on matters in this category unless it is determined that an emergency exists or that there is a need to take action that became known subsequent to the posting of the agenda.

4. **Advance written request to reserve time to speak**: 1 request

WOODROW HIGDON, 2544 Rudder Road, commented on alleged corruption and cover-ups by the Oceanside Police Department, Mayor Wood and Councilmember Sanchez. He also commented on the incident involving officer Damien Smith allegedly recording investigations and hiding the tapes from the system.

He is an investigative photo journalist. He has prepared documentation that is going to the FBI and ACLU on this particular investigation. Councilmember Sanchez should have protected the integrity of the cases going through the Public Defender's office.

MAYOR WOOD took exception to the allegations directed at him personally as those comments are false and defamatory. He advised Mr. Higdon that if he persists with these false accusations, he will be forced to consider legal recourse.

5. **Communications from the public regarding items not on this agenda**

POLICEWATCH.ORG, no name given, stated that he believed they were placed at the end of the agenda on purpose because they speak out against the Police Department. He accused Council of violating the Brown Act by responding to a non-agenda item individually and if he had the time and money he would sue the pants off this Council for responding on off-agenda items.

Due to cursing/foul language, the Mayor gave warning of his inappropriate decorum.

COUNCILMEMBER SANCHEZ took a point of personal privilege. There is the First Amendment right to freedom of speech, but the law does recognize limitations on that. She was a Public Defender for 20 years and had asked her boss about running for City Council. They agreed she would not be representing any Oceanside cases because of the potential for a conflict of interest. She did not represent anyone from Oceanside Police Department. She takes objection to the conduct/speech that is not protected.

RENEE GLOTZBACH, 1877 Matin Circle, San Marcos, Stand Up for Kids, commented on crime and children in foster care and domestic violence. She stated the Harbor Days should be alcohol free as an example to kids.

JIMMY KNOTT, 127 Sherri Lane, reviewed the movie he had seen "Capitalism—A Love Affair which was about President Franklin Delano Roosevelt's Economic Bill of Rights, which he reviewed. These are positive goals.

ADJOURNMENT

Council held a moment of silence in memory of Jim Wootton.

MAYOR WOOD adjourned this joint meeting of the Oceanside City Council, Community Development Commission and Small Craft Harbor District Board of Directors at 10:41 PM on October 14, 2009.

[The next regularly scheduled meeting is at 4:00 p.m. on Wednesday, October 21, 2009.]

ACCEPTED BY COUNCIL/HDB/CDC:

Barbara Riegel Wayne
City Clerk, 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

FEBRUARY 3, 2010

REGULAR MEETING 3:00 PM COUNCIL CHAMBERS

4:00 PM - OCEANSIDE CITY COUNCIL (COUNCIL), HARBOR DISTRICT BOARD OF DIRECTORS (HDB), AND COMMUNITY DEVELOPMENT COMMISSION (CDC) - REGULAR BUSINESS

Mayor
HDB President
CDC Chair
Jim Wood

Deputy Mayor
HDB Vice President
CDC Vice Chair
Vacant

Councilmembers
HDB Directors
CDC Commissioners
Esther Sanchez
Jack Feller
Jerome M. Kern
Vacant

City Clerk
HDB Secretary
CDC Secretary
Barbara Riegel Wayne

Treasurer
Gary Felien

City Manager
HDB Chief Executive Officer
CDC Executive Director
Peter Weiss

City Attorney
HDB General Counsel
CDC General Counsel
John Mullen

The regular and joint meeting of the Oceanside City Council (Council), Small Craft Harbor District Board of Directors (HDB) and Community Development Commission (CDC) was called to order and adjourned by City Clerk Wayne at 3:00 PM, February 3, 2010 due to advance notification of lack of quorum.

The next regularly scheduled joint meeting is February 24, 2010.

ACCEPTED BY COUNCIL/HDB/CDC:

_____
Barbara Riegel Wayne
City Clerk, City of Oceanside

California

CITY OF OCEANSIDE

MAYOR AND COUNCIL WORKSHOP

FEBRUARY 23, 2010

SPECIAL MEETING 4:00 PM COUNCIL CHAMBERS

NOT OFFICIAL
UNTIL APPROVED AT SUBSEQUENT
MEETING BY CITY COUNCIL

Mayor
Jim Wood

Deputy Mayor
Vacant

Councilmembers
Vacant
Jack Feller
Esther Sanchez
Jerry Kern

City Clerk
Barbara Riegel Wayne

Treasurer
Gary Felien

City Manager
Peter Weiss

City Attorney
John Mullen

The special meeting of the Oceanside City Council was called to order and adjourned by Assistant City Clerk Holly Trobaugh at 4:00 PM, February 23, 2010 due to advance notification of cancellation of the meeting.

The next regularly scheduled joint meeting is February 24, 2010.

ACCEPTED BY COUNCIL:

_____
Barbara Riegel Wayne
City Clerk, City of Oceanside