



California

CITY OF OCEANSIDE

MAYOR AND COUNCIL WORKSHOP

TUESDAY, MARCH 15, 2011

ADJOURNED MEETING 2:00 PM COUNCIL CHAMBERS

Mayor
Jim Wood

Deputy Mayor
Esther Sanchez

Councilmembers
Jack Feller
Jerome M. Kern
Gary Felien

City Clerk
Barbara Riegel Wayne

Treasurer
Gary Ernst

City Manager
Peter Weiss

City Attorney
John Mullen

The adjourned meeting of the Oceanside City Council was called to order at 2:00 PM, Tuesday, March 15, 2011.

Mayor Wood thanked all of their well wishes. He feels a lot better. He had a stroke and once in a while he still may stutter or slur his speech. Also, our thoughts and prayers go out to Japan and our sister cities there due to their recent devastation.

ROLL CALL

Present were Mayor Wood, Deputy Mayor Sanchez and Councilmembers Feller, Felien and Kern. Also present was City Clerk Wayne, City Manager Weiss and City Attorney Mullen. Teri Ferro led the Pledge of Allegiance.

WORKSHOP ITEMS

1. **FY 2011-12 Budget Priorities**

CITY MANAGER WEISS stated this workshop is to have some discussion and deliberation and provide direction to staff with regard to the preparation of your fiscal year 2011-12 budget. The budget deficit that has been projected is approximately \$5,300,000. Back in January Council gave direction to use the Waste Management franchise fee of \$1,700,000 to offset the budget deficit for 2011-12, which reduces that deficit to \$3,600,000.

As Council is aware, over the last few years we have been facing ongoing structural deficits and have been using, in some cases, one-time funding to offset those, in addition to significantly reducing a number of programs, services and positions throughout the City. Today we'd like Council to look at priorities and then review 2 budget reduction options that staff has presented to you. The options are reductions because back in January the Council direction was to not evaluate/consider Citywide revenue increases. So at this point we are not pursuing any type of Citywide sales tax increase, utility tax or any other form of revenue increases.

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UNTIL APPROVED AT SUBSEQUENT
MEETING BY CITY COUNCIL**

As part of Council's funding allocation plan, although the General Fund budget is approximately \$113,000,000, the discretionary budget is about \$83,000,000. Part of that is looking at those fixed costs that we can't do anything about, including debt service and transfers from other funding sources into the General Fund. Out of that, approximately \$62,000,000 goes toward public safety and approximately \$21,000,000 goes toward non-public safety services.

Regarding services not required by a City; at one point when we were talking about budget reductions, there was some discussion within the Council to look at those services that the City is not required to provide or that can be provided by the private sector or a non-profit. Since that point in time, Councilmembers have indicated some reluctance to fully implement the back-to-basics budget, but he will go over them to show Council what the services are that we do not have to provide. We've put costs together for some of them and he will show some additional ones that were not costed that we don't have to provide but he believes are a necessity within the community.

When you look at what we can do without and what we don't have to provide, there are a number of them, including neighborhood traffic calming, senior centers, resource centers, recreation centers, Parks & Recreation, both pools, Economic Development and library (which we've identified as just the Mission Branch). The Council previously had indicated that this would be the last year of funding for KOCT, but you still need to take an action to implement that. We've also identified, through all of the miscellaneous employee groups whose contracts are up this year, a net reduction combination for all of them of approximately \$1,000,000. That amounts to just over \$4,000,000. However, there are additional services that we don't have to provide and those include the bookmobile, library services, beach lifeguards, the anti-graffiti program, beach and park maintenance, flood control activity, street lights or Code Enforcement. Again, we're not suggesting that those all be eliminated, but those are discretionary programs. Council has the ability, should you reach that point, to eliminate them. As you look at that list, it would be a significant impact to the community to not have them. Based on input he's received from Council, he's not sure that there is a lot of interest in pursuing this option, but that's up to Council to provide further direction as we move forward.

Another option is the structured reduction. This is effectively a continuation of Council's past 3 years' budget direction, which is to systematically reduce programs and services with the goal of not eliminating any one program. That doesn't necessarily mean things aren't going to close or hours aren't going to be dramatically reduced, but this goes into literally cutting most of those programs that we, in the past years, have reduced to the point that they cannot be reduced any further.

One of those is the neighborhood traffic calming in Development Services. There is absolutely no revenue generated from it. We have one full-time staff person with additional staffing that are assigned to that activity.

We've identified the San Luis Rey Resource Center, primarily because the rent there has now gone back up to over \$40,000 per year. We can re-allocate some of those programs to other centers in the area.

Within Parks & Recreation all non-exempt staff would be going to part-time and center hours adjusted accordingly. So many of those centers would be reduced and closed during non-core hours, but would be available for league play or other opportunities where the time periods are active. Within the aquatics program, we would keep Brooks Street pool open but Marshall Street, which is now only open in the summertime, would close completely. We would continue to look for alternate service providers for the pool to see if there is anyone out there that would be willing to take that on.

Within the library we would look at all the non-exempt staff going to part-time

and the hours in both the Civic Center and Mission Branch would be reduced to be the equivalent of one full-time library.

Within Development Services there is a \$300,000 reduction which would be another step to align operating expenses with revenues. Even with Council's action last week, we are recommending that we take that step until those revenues demonstrate that there is a need for increases.

Within Human Resources we would be redistributing the training programs.

With Property Management we would be consolidating the Landscape Maintenance District programs.

In Public Works we are going to be looking at privatizing several of the functions that may include the sign installations, but the meter, pay machine and parks maintenance would be reduced accordingly.

In addition, we are looking at restructuring the billing operations in Finance and establishing a consolidated service center between Public Works, Code Enforcement, Information Technologies (IT), Human Resources (HR) and utilities; all of them that have customer service staff. Where we may have 9 or 10 people providing those services, we're looking at doing a reduction and creating one consolidated service center.

Again, with the miscellaneous groups we are looking at a total concession of about \$1,000,000.

There is not a lot of detail in these recommendations yet because we haven't worked that out pending Council's direction. Based on what we've done in the past, he can assure Council that most of these reductions will result in either employees going from full-time to part-time or elimination of positions. At this time we don't have a clear idea how many positions; that's something we would need to work through over the next 4-6 weeks as we go into the final budget process. Depending on Council's direction this afternoon, some of those would be implemented as soon as we can start moving those forward.

Today we are asking Council for direction to further develop the complete elimination program, which is the back-to-basics, or move forward with the second option - the structured reduction plan and whatever other direction Council would like to give staff so we can move forward in developing the fiscal year 2011-12 budget.

MAYOR WOOD noted that for quite some time we've all been concerned about the budget. This is a classic glass half empty/glass half full. He is more optimistic than other people. As a whole, the City and the Council don't want to strip us to bare necessities and take away all of the things that make up a city. The option one - back-to-basics approach does that and there's no way he would support that. He's not sure most of the Councilmembers would. He wants to hear from the public but would like to hear from each of the Councilmembers if they support one of the options and that way we could move on and address the details of the second option.

He gets emails regarding the concerns of the citizens. He doesn't even like some of the cuts in the second option, but the first option is no way. He would like to hear from the public about individual issues. He commended the City Manager and staff for their job on this budget and trying to do what's best for the City. He wanted Council input on doing away with the first option.

DEPUTY MAYOR SANCHEZ concurs with the structured reduction plan. If that is the motion she would second that. That would help the Council discussion to focus on specific and critical cuts, even under the structured reduction plan.

With respect to the structured reduction plan, she asked if saving \$3,836,000, as shown on Exhibit 3 to tonight's presentation, would cover the projected \$3,600,000 deficit and leave \$236,000 that could be allocated from that budget.

CITY MANAGER WEISS responded that is correct. The initial direction to staff was to come up with the programs and we allocated the funding to them. It is slightly more than the targeted \$3,600,000 so Council has some discretion.

Regarding the unallocated \$737,000 for this past year, **DEPUTY MAYOR SANCHEZ** asked if that is available for this budget discussion or has it already been put into a fund and been included in the presentation.

CITY MANAGER WEISS responded that money has not been allocated to offset any General Fund impacts. That is the unallocated reserve at this point.

DEPUTY MAYOR SANCHEZ asked if the \$737,000 is distinguished from our Healthy City Reserve, which is currently at \$14,500,000.

CITY MANAGER WEISS responded that is correct.

MAYOR WOOD stated we can address those issues as we go through this. Right now on the table is for us to say we aren't going for the first option, back-to-basics plan, and then we can discuss the second option. Then at a future date we can discuss what we do or don't do with any remaining balance.

COUNCILMEMBER KERN is the one who asked for the back-to-basics budget numbers so everybody would understand what the cost of their particular programs are to the taxpayers. He will support taking option one off the table. He would like everyone to look at option one though to see just what those costs are.

COUNCILMEMBER FELIEN certainly leans towards the second option as well. We all understand the cuts that would be in option one; recreation centers, parks, administration, library, etc. Going to the second option also has its price but it's the programs and activities we don't see and he asked the City Manager to elaborate a little bit more on the alternative cuts so we have an idea of what the trade-off is.

CITY MANAGER WEISS responded that with the structured reduction we are going to systematically reduce. In the other alternative one, the entire program would have been eliminated. For example, for aquatics the entire program would be gone; all lifeguards and aquatic supervisors would be gone. In this particular case, we're looking at moving all of the remaining activities at Marshall Street to Brooks Street. There would be 2 positions eliminated and cost savings associated with chemicals and energy costs.

COUNCILMEMBER FELIEN meant more for the non-recreation programs. For example, what is 'Consolidation of IMAD Program' and what are we losing as a City to consolidate that program or the redistribution of training programs, etc.

CITY MANAGER WEISS responded for example in HR we have one person who is coordinating the training programs. That position would be eliminated and those functions redistributed to existing staff. For the most part, every one of those has a position associated with them and those positions would be eliminated and the functions, should any remain, redistributed. Another example is the neighborhood traffic calming we suggested suspending. That position would be eliminated and we would not do any further neighborhood traffic calming programs, at least until things get better. In Property Management where we consolidated landscape maintenance programs, one position would be eliminated and all contract responsibilities would be shifted to other employees.

DEPUTY MAYOR SANCHEZ thinks this would be the appropriate time to suggest something else to cut. As you know, the Council budget is not in here and one of the things that the public has been suggesting is that the Council look at our aides. Just as the library is looking at potential cuts from full-time to part-time, she would recommend that we add in that the Council reduce the hours of our aides from 40 hours a week down to 33 hours a week. While the Council budget itself is not a very large part of the budget, we have been criticized for not leading the way in terms of what we would be willing to do. The Council is already a part-time Council so the pay is commensurate with that, but we do have full-time aides and reducing it down from 40 to 33 hours would almost be the reduction of one full-time position and that is at the very least what is occurring in our departments.

COUNCILMEMBER KERN would like to hear from the public before we start getting into particulars.

MAYOR WOOD reiterated to the public that Council is not going to support option one to cut down to the bare bones on some quality of life issues and some services. There won't be a vote on this. There is some money left over after the proposed cuts in the second option and in unallocated funds and that will all come into play when we talk about personnel or any cuts. This is the early discussion phase.

Public input

ALMA SISCO SMITH, 5059 Dassia Way, is a tutor with the Oceanside READS literacy program and is here to express their concerns for the future of READS and for the City. Over the past 3 years the cuts to this library program have left it at a tipping point for surviving, much less thriving. Council is perhaps thinking that there are many services in the same situation. Perhaps, but do they have the same potential impact on the community? Are their services being provided solely by volunteers with just one 30 hour part-time coordinator and no staff to support those services. Oceanside has a high percentage of functionally illiterate residents. These people are hard-working and contribute to Oceanside in many ways. She cited examples of people who have benefitted from the program.

The bottom line for Oceanside is that literate people are more likely to create income the City needs to support its services. We are asking Council to keep the literacy program alive by maintaining, as a minimum, a part-time coordinator position. We volunteers have and are doing more with less. In the past 6 months we have been working with Director Polich and making plans to increase visibility through community outreach.

Through a grant we recently wrote, a team of senior business students at Cal State San Marcos is researching ways to grow awareness of our program and we have received a challenge pledge of \$10,000, which has just recently been matched by another \$10,000 that will be provided over time. We aren't looking for ways to downsize our program. We want READS to be the stellar program that it was 10 years ago whereas now we lag behind others in North County. Instead we are exploring ways to grow the number of learners and tutors in this City. Literacy is an investment. It is most needed now. She asked Council not to eliminate the program.

KAY PARKER, 4377 Albatross Way, understands that there have to be major changes in the services that local government provides. We support the second option because we know we're going to have to enlist a lot of volunteers to take up the slack. If there's a basic structure there that the volunteers can go to, it will make the transition smoother. We understand that there are certain funded activities that are what we call auxiliary services that the City has been providing for years and we understand that a lot of those are going to have to find other funding and do things differently. If you leave the basic structure, we can fill in with the volunteers and we have great volunteers in

this City. Our top priority is public safety and the other things that sustain life. That must come first.

JIMMY KNOTT, 127 Sherri Lane, displayed a computer chart on the State mandate determination process. He has constantly heard from Council and staff that the State has a lot of unfunded mandates. The State has a commission on State mandates and this commission decides on reimbursements to the cities. He proposed that every item that has any State unfunded mandates be appealed to this commission. We could potentially save millions. He believes that, according to our City Charter, we are mandated to do such. He doesn't want to see anything coming forward in the future that says it is an unfunded mandate without it going through this commission first.

The path Council is taking is archaic and psychologically damaging to a lot of City employees because they feel they are just waiting for the axe to fall and wondering if they are next. He proposed that Council take their hands off and let the directors/employees of the departments raise funds and keep them to use for their departments. Let appointed commissions help guide the departments. He also suggested furloughs be mandated within all contracts to have every Friday off.

KATHY CHRISTY, 3250 Roberta Lane, is the President of the Library Board of Trustees. Both libraries are experiencing increased usage. This is traditional for bad economic times, people look to the libraries for the computers, as a way to look for jobs, help with resumes and other important programs for children, teens and seniors, which provide entertainment for the citizens. Interestingly all of these programs benefit the non-users in the community as well because all of these things contribute to the literacy of the community and the more literate community we have the more it benefits all of us. She asked Council to keep that in mind.

CHARLENE WILLIAMSON, 121 Parnassus Circle, President of the Library Foundation and member of the Board of Trustees for the Library, supports everything the previous speaker said. The Foundation and the Friends of the Library are tremendous supporters for all library services. We are volunteers and spend many hours. We have over 300 volunteers that are working at the library. The problem with all of this is that we are not allowed to spend any money on salaries. We cannot provide staff. What we can do is support services, provide furniture and help provide a redecorated Civic Center Library but we cannot open the doors without staff. She asked Council to look at what they are cutting. As far as she knows the library has the largest volunteer group in the City but we cannot staff it.

NADINE SCOTT, 550 Hoover Street, stated it's apparent we need to make budget cuts; but the staff report is vague and tells her nothing. Until we're presented with more detailed data and documentation, there is no way to make an intelligent comment, other than we want to save the library because that's critical.

KEN LEIGHTON, 1109 South Nevada Street, is aware of how some Councilmembers feel about the Telecom Committee, but at our last meeting we discovered that 10 years ago the City negotiated a one-time only technology grant from Cox Cable for \$4,100,000. There will never be anymore grants like this again since cities can no longer offer exclusive franchise agreements, which allowed them to negotiate for grants in exchange for the agreement. This money was given by Cox to Oceanside on the condition it be used for capital purchases like equipment and technical improvement. As best we can tell, there is about \$900,000 left in the fund, which is supposed to be doled out annually through the year 2017.

KOCT's Tom Reeser told the committee that he wants all of that money that's left right now to cover KOCT's operating expenses. The problem is that the grant was and is to be used only for equipment or other technical capital improvements per Joe Gabaldon with Cox Communications. The cable industry standards and federal law

mandate that grants like this are there exclusively for capital expenditures, while franchise fees, like the 35¢ monthly fee we pay on our cable bills, can be used for operating expenses. As we discovered at our meeting, there is at least one huge need for this grant and that would be to equip our senior centers with internet capability. If Council were to look further, you may find that this tech grant could possibly be used to equip an emergency disaster center or we could hold on to the money and use it for future infrastructure needs.

Let's not sell our principals short because a private non-profit group tells you they want a hand-out and deplete an entire City fund.

SHEILA KADAH, 5301 Village Drive, supports the libraries. People depend on the computers to look for jobs. Regarding the \$14,500,000 we have in reserves, she asked if that money is just sitting there or if it's making money. If it's making money, use the money that it's making instead toward the deficit. We could put the \$737,000 of unallocated funds toward the deficit? Anybody who gets laid off of a job has a ripple effect on businesses, etc. We need to get through this without cutting jobs.

DIANE NYGAARD, 5020 Nighthawk Way, stated we all need to look at ways to preserve those investments such as the library restoration that have been made over the last few years and do everything we can to minimize the cuts in critical services.

She is concerned that with this budget so far we haven't looked at revenue enhancement and cost recovery to the extent that we should be. It concerns her to see things on the agenda to eliminate ambulance cost recovery services, which seems to be moving in the wrong direction. Our impact fees for developers haven't kept pace with inflation. We need to look at that as structural changes that all help us save cuts to critical community services. A couple of years ago there was talk about Transient Occupancy Tax (TOT) for a lot of casual rental properties, along the beach particularly, that we were not getting revenue from. Those are the kinds of things that need to be revisited so we can enhance our revenue to the extent possible in order to avoid some of these cuts.

If we are going to do cost reductions, she appreciates Deputy Mayor Sanchez bringing up the issue of Council staff positions. That is truly a luxury and she would like to go further than the 8 hour deduction. It may be time to look at a single position serving all of the electeds, which is much more common practice in other cities of this size.

DONNA MCGINTY, 2405 Mesa Drive, asked if what happened in Japan was to happen in Oceanside, what would be at the top of our list and how much would Council be willing to spend on the things that keep you alive and well. We need to figure out what's at the top of our list and what is flexible below that. The reductions aren't necessarily permanent. We are in a time where things have to recover. She believes in the next 5 years we will all be doing well again.

She is disappointed that everyone comes to the Council meetings to tell Council what they have to have or want to have, but they never tell what they're willing to forfeit in the name of trying to contribute and they don't tell you what they would do to help solve the problem. One of the biggest issues is that they have no understanding of public agency finance management.

She would appreciate it if the funds for KOCT from the General Fund stopped. The tech grant funding and the PEG funds are enough to tide them over until things are better. Those funds should be kept in our portfolio and work to our best advantage. There is benefit from the interest earned.

R.J. WILLIAMSON, 121 Parnassus Circle, is concerned that the back-to-basics isn't really going back far enough. He reminded Council that shortly after the end of

World War II here in California, a City plan called the Lakewood Plan was introduced. In that Lakewood Plan, cities were given the option of subcontracting services out. We do that here, like with Waste Management. He would like to see the back-to-basics plan and the second option plan include a real hard look at what it would cost to subcontract police and fire. We might find that if we subcontract police and fire to San Diego County Sheriff's Department, there may be enough income left over that you won't have to cut some of these other programs. Until we see that, we won't know. That question needs to be answered and until it's answered we're going to continue unfunded mandates.

PHIL NEEDLEMAN, 2717 Mesa Drive, stated when City programs get cut, it affects more than our bottom line. The costs of cutting the programs as he sees them listed in the staff report, will cost us more in the long run. If you cut these services that you have determined to be non-essential services, the people who will be affected by this are the people who need the help the most and are most at-risk. He asked Council to think before cutting any of these programs because the effect will be long-lasting and we may not be able to turn it around.

Public input concluded

MAYOR WOOD commented on the economic situation around the world and that fact that the State took \$14,000,000 from us. We have to function with what we have and this City has done a lot better than most cities. Having a \$3,600,000 deficit to overcome is a lot better than looking at a \$20,000,000 deficit. We're not finished tonight; we're going to have staff look at what's remaining and where it can go and how it can be used. This is just the first meeting and the public's input is important. We've seen the largest public turnout at Council meetings. The public is sending a message to Council and we hear it. We're trying to do the best we can with what we have.

Regarding what Mr. Leighton mentioned about KOCT, **COUNCILMEMBER KERN** stated all the things he talked about are non-General Fund. The tech grant has nothing to do with the General Fund or what we're doing here today. On both proposed budget plans, KOCT gets nothing from the General Fund this coming year. The PEG grant is going to have to be worked out between the attorney and everybody else about whether we accelerate it or not, but it has no effect on the General Fund.

A couple of people have said we should use the reserves. The direction from Council to the City Manager was to balance the budget without reserves. He hasn't seen any indication the Council wants to change that direction, so we're going to balance the budget without using reserves. One of the things we became painfully aware of last week was what happened in Japan and the costs associated with that. We were lucky in a way last time when we had the blowout of the Haymar line in the Buena Vista Creek, that since we were declared a disaster area in the County, there's some chance that we can get funding for that. Otherwise, it's all on us and we would have had to pay for the full restoration of that line out of our reserves. That's what we have to be aware of and not be in a rush to spend that money.

We're going to have to balance our budget on operations. We're going to have to take the money that's coming in and spend it accordingly. Unfortunately, even in the City Manager's report he mentions structural deficit. That means next year at this time if we do nothing, we still have a \$2,000,000 hole to fill and that's using the Waste Management money. If we decide to put the Waste Management money back into a rate stabilization fund, we're going to have to cut \$3,600,000 next year. So we'll be back here having the same conversation next year until we get ahead of it. This looks like we've covered \$3,800,000 and we only needed to cover \$3,600,000, but the more that we can do now and have all those departments hit those targets, the less we'll have to cut next year. Trying to get ahead of this budget is very difficult to do.

Pertaining to Council aides, in 2009 we had all the aides pay their full share of their pension costs. Last year about this time he asked his Council colleagues to support

the idea that every unrepresented employee pay their full share of their own pension costs. It would have saved us \$447,000 and he got no support. He will bring that up again this year. Some managers do now. We're going into negotiations with our general employees and he wants every employee to pay their full share of their own pension costs. That's included in the City Manager's \$1,000,000 savings, but we haven't gotten that yet. It may end up only being \$800,000, so we need to do what we can today to make budget cuts we can work with.

His recommendation is to adopt the structural plan and give that direction to the City Manager. He asked the City Manager if we have other workshops scheduled.

CITY MANAGER WEISS responded it depends on Council's direction. Staff has tentatively scheduled several workshops. If Council is comfortable with the second option and option one is no longer an option, then we will start moving forward and have one additional workshop and then the budget adoption.

COUNCILMEMBER KERN will leave that up to the City Manager and the directors, but we have to get this done by July 1, 2011.

DEPUTY MAYOR SANCHEZ reiterated that past Councils have done a good job of addressing the issues over the years. We've always been a City with not as much money as Carlsbad and others, but we've always been able to stretch our dollars. We've always had programs for youth; at-risk youth. If we don't do what we need to here, it will lead to an increase in costs, whether it's an increase in crime, vandalism, etc. We have through the years done things in a deliberate way to try to come up with the best quality of life for our residents. For most of these years it has been through a conservative Council majority.

We are in this position because of a global economic situation. We have a difference of opinion as to when we will be having economic recovery. The consensus is that we will have recovery, perhaps not at the levels that we had in the mid-2000's, but we'll have some level of recovery. The civil unrest happening worldwide may impact our economy here, so it may take us a little longer to get there.

Option one is not back-to-basics. There are a lot more management positions now than there were back in 2000. She has asked before if when we re-trench for the budget doesn't it include top down. She hasn't gotten a response to that. We are trying to give our youth an opportunity to make a better choice. If we don't have a library or after-school programs, the choices will be limited and the costs will be great to this community in terms of more police activity, more kids in detention, etc.

She is also mindful as an employer that any jobs that we cut will impact our local economy. It's a trickle-down. It's a huge responsibility to look at what cuts to make. It's been a difficult decision for the City Manager.

She is especially concerned about the San Luis Rey Resource Center because it hasn't been that long since we had the strife in the Back Gate area and the death of Officer Bessent accompanied by the legal process and the trials. This community has not completely healed. The things you don't see or hear about every day is what is happening in the Back Gate area. Because we have this San Luis Rey Resource Center, we have many volunteers. They are doing adopt-a-street. There is an effort by faith-based and non-faith based going on. We will lose all of that and this will lead to having to increase police activity and higher costs. Those are even higher than it is to keep this resource center open. We have an extra \$200,000 after the cuts that she would like re-allocated to the San Luis Rey Resource Center to keep it open. She would like staff to talk to the shopping center owners to see if we can negotiate a better lease. We got free space and reduced rent for a while and she would like to see if they would help us continue that because we need that presence.

Regarding the aquatics programs, she never thought she would see the day that the Marshall Street pool would be closed. When we talk about a \$400,000 reduction in the library, what does that mean. Literacy is a critical issue for any community in terms of its economy and insuring that more of its members are able to enter the workforce.

She thinks we should consider the \$737,000. Perhaps not the \$14,500,000 that we have in the Healthy Reserves; maybe not all of it but some of it. She's not sure where we are in terms of Redevelopment since we're on the end of our Redevelopment program and are anxious to get our projects built. If perhaps we can get some of the \$11,000,000 paid back now to the City General Fund versus later.

COUNCILMEMBER FELIEN stated with respect to the lack of details at this point, we all recognize that this is the start of a process. This is day one of what will ultimately be a long and painful process. The information will evolve and we'll pick the path we want to go. We've heard from the public that the second option is preferred rather than the back-to-basics option. There also seems to be a Council consensus to go that direction.

As far as specific areas to focus, he suggested looking at auto allowances and the take-home vehicle policy. Currently we have over 70 employees taking home vehicles on a nightly basis and we don't need to have free commuting for that many people. If he had been on the Council a longer time, he could have a firmer opinion about Council aides but he has an excellent relationship with his aide and she has made a critical contribution to helping him do his job and if the aides were eliminated entirely, his effectiveness would certainly be impaired. Council aides do need to take the same sacrifice that the rest of the City is taking and any cuts in that area should be proportionate with what the rest of staff is doing. They should not be exempt from the budget pressures that the rest of the City is going through.

He supports the idea on CalPERS that we need to get as rapidly as possible every employee paying the full share of the employee portion of CalPERS, starting with the unrepresented employees, and in our labor negotiations that will be coming up. He would also like to add that we need to consider an across-the-board pay freeze. We shouldn't be giving raises in the middle of a recession. If we're at a point where we're giving raises to some employees and we have to offset that by cutting other employees, the taxpayers are getting less service for the same money. That's not an acceptable path to follow.

This isn't a one-year process; the bad news is projected to go for the next 5 years. We're going to be here for the next couple of years making tough decisions, which is why he doesn't support using any reserves this year to cover our budget difficulties because if we have something we're willing to cut next year but we're not willing to cut it this year, then what's the point in wasting our reserves to avoid a tough decision for one year. In past years we've spent our reserves far too freely, which makes our situation now more difficult than it otherwise would have been.

Also the impact of our new Census data that came out; according to the Census we have far less population than we thought we did. We always thought we were somewhere above 180,000, but it turns out we're about 167,000. He'd like to know if that's going to affect our revenue projections, especially as it relates to sales tax. In talking with the City Attorney, even though the Redevelopment Agency does owe the City money, it's tied down in a way that legally it can only be paid back with increases in the tax increment and it cannot be brought back to the City if we are using the tax exempt bonds. So there's a legal issue that would have to be addressed and that money is probably not available.

We also need to look at the non-seasonal hourly help with our management. In the private sector one of the emphasis has been over the past 2 decades to flatten the pyramid - to expand the reporting requirements of managers and to make sure there is

less levels of reporting between the lowest level employees and the City Manager. He doesn't know that we've had enough emphasis in that area and he thinks that needs to be dug into. Also, on overtime pay. It was recently reported that the Fire Department is going to hire 12 new firefighters. He's always been told and he'd like to confer, that it's cheaper to pay overtime because the benefit structure actually costs more than the 50% overtime premium. If that's true, he'd like to know why we're hiring 12 new firefighters. If it's not true, why didn't we hire them years ago? We need to have that confirmed because that's a path we need to resolve.

COUNCILMEMBER FELLER stated the deficit of \$3,700,000 this year is going to be \$3,700,000 next year if we don't use the Waste Management fees, but ongoing we have a deficit that we're going to have to deal with every year for the next several years. He asked the City Manager to explain why it goes up. If we do everything suggested this year, then why does it go up next year?

CITY MANAGER WEISS responded there are 2 reasons. One is we're showing and projecting that our overall revenues are remaining reasonably flat; our 2 primary revenue sources are sales tax and property tax. On the expenditure side, given the projections we've gotten from PERS and our healthcare costs, those are the 2 primary drivers. We're aware that PERS staff and PERS is looking at changing their rate of return from 7¾% to 7½%. We've included in our projections going to the 7½%, but even with that, given the data we've gotten from PERS as Council heard at the workshop a couple of weeks ago, our PERS rates are going up and the total cost to the General Fund is about \$2,000,000 a year.

COUNCILMEMBER FELLER stated we're not really solving the whole problem today for the future.

CITY MANAGER WEISS responded you are solving the problem for your next fiscal year.

COUNCILMEMBER FELLER asked if we've thought about getting reimbursed for unfunded mandates and furloughs before.

CITY MANAGER WEISS responded in regards to the unfunded mandates, we have a claim pending with the State.

CITY ATTORNEY MULLEN stated we do. We actually have prevailed in part on that claim and we're in the process of substantiating the amount regarding the co-permittee's claim in regards to the storm water permits. So we do actively look at claims that can be filed and that is one that we have chosen to litigate.

COUNCILMEMBER FELLER stated then we are looking into that, continually.

CITY MANAGER WEISS responded yes.

COUNCILMEMBER FELLER asked about furloughs.

CITY MANAGER WEISS responded we have looked into furloughs and that is subject to meeting and conferring and the bargaining units agreeing to that as well. It does create a bit of a problem in that within each bargaining unit we do have a number of positions and activities where if you furlough someone, you have to cover the backfill with overtime.

COUNCILMEMBER FELLER asked how many retirements are on the horizon.

CITY MANAGER WEISS responded 2 that he knows of in the Police Department. We don't have a projection at this time of how many are on the horizon.

COUNCILMEMBER FELLER asked if we just raised fees for Development Services.

CITY MANAGER WEISS responded yes.

COUNCILMEMBER FELLER stated then we have corrected some of the shortfall there.

CITY MANAGER WEISS responded yes. But Council also, several years ago, implemented a fee increase that was automatic for several years of 25% for 3 years in a row.

COUNCILMEMBER FELLER stated the Healthy Cities money is for disasters; \$14,500,000 isn't going to cover much if we had a tsunami here and probably not even a bad earthquake but it's important that we keep that money in place. Also structural deficits can't be solved with using reserves, i.e. one-time money. That's why we're here. We've got a structural budget deficit so somehow that has to be fixed.

As far as Council aides, he's willing to go for a 20% reduction Citywide if that's what everybody wants to do, all the bargaining units, but it should be fair for all. The aides have been paying the full 8% of their PERS, as well as the Councilmembers and others that are above a certain pay grade. We have given pay raises to public safety in the last 6+ months. So if you think of the extra money the police and fire personnel are getting, they're paying some of it back in part of their PERS at various stages. H agrees there should be no pay raises at this point. We should probably be looking at outsourcing some of these. Costa Mesa just did it for literally every part of their services that they provide and that's going to be a considerable difference from the homey feeling we have of our City staff and the good people who work in Oceanside, but there are things we could consider and pools are certainly one of them.

He agrees that he would like to see one more meeting besides the one where we make a final determination. He would like to see what the cuts on Exhibit 3 for structured reduction look like. Then we can hone in on the final budget as we go forward.

Years ago he talked about a town that has 5 employees and 5 Councilmembers and everything else they provide is provided by an outside service. It's probably not the homey comfortable feeling that we have with residents in Oceanside. Everywhere he goes he sees the people that are volunteering. He's proud to be here and hopefully we'll weather this storm and figure out the future.

COUNCILMEMBER KERN appreciates the library and lives with an unregistered library lobbyist so he hears that almost every night so he understands what's going on. The Friends of the Library raised \$125,000 for furniture for the new library and Deborah Polich got all of those shelves for \$8,000.

As far as the San Luis Rey Resource Center, we can't afford \$4,000 per month. As long as Neighborhood Services hit their total target of a \$616,000 reduction, he doesn't care whether it goes to San Luis Rey Resource Center or something else, as long as every department hits their target on this targeted reduction.

If we actually have an extra \$200,000 after all of this is over, that's a good thing for the taxpayers. Just because there's money there doesn't mean we have to spend it all. If we can hang on to some of that for reserves or something we can allocate next year, that's going to be very important. Like Councilmember Feller alluded to, we have a structural deficit here that we're not solving. Next year we'll be back figuring how we're going to cut another \$2,000,000+ if Council goes with the same plan as this year as far as using Waste Management money. Even the 5-year forecast from our Director of Financial Services is flat and our costs are going up. He doesn't see a light at the end

of the tunnel for 5 years.

Every Councilmember will do the best they can. It's the support of the community and the volunteers that we're going to have to lean on more to supply those services that taxpayers have supplied in the past. The one thing about Oceanside is we do have a great volunteer base. It's going to have to be a community effort.

COUNCILMEMBER FELLER asked if we could get concurrence to have another budget workshop before the final action to adopt the budget.

CITY MANAGER WEISS responded that's fine, we can schedule that once we get more information.

COUNCILMEMBER FELIEN supports that idea. As we go through this process, we need as much community buy-in as possible for the final budget product and another meeting would be very helpful in that process.

Relating to the cut in neighborhood traffic calming, we're going to be addressing an issue of our non-compliance with our SANDAG requirements in our underfunding of street maintenance. Is there any possibility that traffic calming would qualify for that?

CITY MANAGER WEISS responded no.

Regarding the cut in the aquatics program at the Marshall Street pool, **COUNCILMEMBER FELIEN** asked how that affects the high school swim teams.

CITY MANAGER WEISS responded they will have to share Brooks Street, as they do now.

COUNCILMEMBER FELIEN asked if that's acceptable because he thought they had been claiming that it impaired their ability to compete and it wasn't adequate.

CITY MANAGER WEISS responded they have asked for more pool time. Unfortunately, that is not available. We have offered Marshall Street to both the schools and to the Oceanside Swim Club; they are more than welcome to come in and take over privatizing those pools. We have not heard any positive response from them.

Regarding the \$1,000,000 reduction on the structured reduction chart for the miscellaneous employee group concessions, **COUNCILMEMBER FELIEN** asked if that is net of our projected increases and the employer portion of CalPERS.

CITY MANAGER WEISS responded we haven't negotiated with those bargaining units yet, but looking at the total numbers between the various groups we're going to need to come up with \$1,000,000 in some form or another.

DEPUTY MAYOR SANCHEZ also supports another workshop. Hopefully, this time an evening workshop to make sure that we get the working public involved.

MAYOR WOOD was afraid of the deep draconian cuts that we were looking at and hearing about and came back to the dais early in order to make sure we don't have that. He believes in being positive and not scaring people. We'll get through this and do the best we can with what we have.

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

JIMMY KNOTT, 127 Sherri Lane, has noticed when going on the City's website that information isn't posted there; or it's been posted and removed. He also referred to an email to a citizen from the City Clerk saying they will not be posting any campaign statements online anymore. This isn't really right; we need transparency for the public.

He would like to see on a future agenda a policy for transparency within the City and postings for the City's website and public access.

DEPUTY MAYOR SANCHEZ stated that Council voted to make sure that things were more on the web, including the campaign statements. It was the other stuff that she recalls saying Council wanted to cut.

CITY CLERK WAYNE is not sure what Mr. Knott is referring to. We'll have to look up what Council's action was on that. The times that we posted on the website were for the 2 special elections; in December of 2009 and in June of 2010. We have not posted anything before or after that time. The only thing that's been removed, quite a while ago, was the old outdated information.

DEPUTY MAYOR SANCHEZ recalls Council assumed that there were things on the web and we didn't want to do duplication.

CITY ATTORNEY MULLEN stated Council's recent vote with regard to the Lobbying Ordinance was to have the City Clerk enable the lobbyists to be able to file electronically and those would be accessible to the public. So if you have an initial registration and then a supplement report, those would be available to be filed electronically.

DEPUTY MAYOR SANCHEZ remembers that, but believes Council also discussed how things were available on the web so it would be less work on the Clerk's staff to do requests because it's already available on the web.

CITY CLERK WAYNE believes what Mr. Knott is referring to, because Council has received a copy of his email, is Council's current campaign statements. That's one of the things he was talking about that had been removed. We haven't had them on since the June election. The reason we took them off is because there are some privacy issues with the information that was posted so we can't post them without redacting information, according to the Secretary of State's office. So we haven't posted any campaign statements for the last election at all.

COUNCILMEMBER KERN asked if people want to come in and get a copy of the 460 Forms they still can.

CITY CLERK WAYNE responded yes, they are always available.

ADJOURNMENT

MAYOR WOOD adjourned this adjourned meeting at 3:42 PM Tuesday, March 15, 2011. [The next regular meeting is Wednesday, March 16, 2011, at 4:00 PM]

ACCEPTED BY COUNCIL:

Barbara Riegel Wayne
City Clerk, City of Oceanside