



California

# CITY OF OCEANSIDE

## JOINT MINUTES OF THE CITY COUNCIL SMALL CRAFT HARBOR DISTRICT BOARD OF DIRECTORS COMMUNITY DEVELOPMENT COMMISSION OCEANSIDE PUBLIC FINANCE AUTHORITY

OCTOBER 12, 2011

REGULAR MEETING                      2:00 PM                      COUNCIL CHAMBERS

**2:00 PM - OCEANSIDE CITY COUNCIL (COUNCIL),  
HARBOR DISTRICT BOARD OF DIRECTORS (HDB), AND  
COMMUNITY DEVELOPMENT COMMISSION (CDC)  
OCEANSIDE PUBLIC FINANCE AUTHORITY (OPFA)  
- REGULAR BUSINESS**

**Mayor  
HDB President  
CDC Chair  
OPFA Chair  
Jim Wood**

**Deputy Mayor  
HDB Vice President  
CDC Vice Chair  
OPFA Vice Chair  
Esther Sanchez**

**Councilmembers  
HDB Directors  
CDC Commissioners  
OPFA Directors  
Jack Feller  
Jerome M. Kern  
Gary Felien**

**City Clerk  
HDB Secretary  
CDC Secretary  
OPFA Secretary  
Barbara Riegel Wayne**

**Treasurer  
Gary Ernst**

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**City Manager  
HDB Chief Executive Officer  
CDC Executive Director  
OPFA Executive Director  
Peter Weiss**

**City Attorney  
HDB General Counsel  
CDC General Counsel  
OPFA Legal Counsel  
John Mullen**

For this regular and joint meeting, the Council sat as all 4 governing bodies [Council, HDB, CDC and OPFA] 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), Community Development Commission (CDC) and Oceanside Public Finance Authority (OPFA) was called to order by Mayor Wood at 2:01 PM, October 12, 2011.

**2:00 PM - ROLL CALL**

**NOT OFFICIAL  
UNTIL APPROVED AT SUBSEQUENT  
MEETING BY CITY COUNCIL**

October 12, 2011

Joint Meeting Minutes  
Council, HDB, CDC and OPFA

Present were Mayor Wood and Councilmembers Feller, Kern and Felien. Deputy Mayor Sanchez was absent. Also present were Assistant City Clerk Trobaugh, City Manager Weiss and City Attorney Mullen.

City Attorney Mullen titled the following items to be heard in Closed Session: Items 2.A and 2.B. [Item 1 was not heard]

[Closed Session and recess were held from 2:01 PM to 4:00 PM]

**CITY COUNCIL, HDB, AND CDC CLOSED SESSION ITEMS**

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

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

A) Property: Harbor Village located at 258-282 Harbor Drive South, Oceanside; Negotiating Parties: Oceanside Small Craft Harbor District and Lessee, HV Holdings, LLC, represented by Robert Anderson; Negotiator for the Harbor District: William F. Marquis, Senior Property Agent; Under Negotiations: terms and conditions

**Discussed; no reportable action**

B) Property: Center City Golf Course consisting of 95.31 acres west of Interstate 5 and north of Oceanside Blvd. (APN 151-011-11); Negotiating Parties: City of Oceanside and Stirling Development LLC, Negotiator for the City: Douglas Eddow, Real Estate Manager; Under Negotiations: Price and terms for the recreation lease of real property

**Discussed; no reportable action**

**4:00 PM – ROLL CALL**

**MAYOR WOOD** reconvened the meeting at 4:00 PM. Present were Mayor Wood and Councilmembers Feller, Kern and Felien. Deputy Mayor Sanchez was absent. Also present were Assistant City Clerk Trobaugh, City Manager Weiss and City Attorney Mullen.

**CONSENT CALENDAR ITEMS** [Items 3-10]

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.

**ASSISTANT CITY CLERK TROBAUGH** announced that there is a request to

speak by the public on Item 8.

The following Consent Calendar items were submitted for approval:

3. City Council/Harbor/CDC/OPFA: 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)
4. City Council: Approval of a Purchase Order in an amount not to exceed \$148,978 to Hydranautics of Oceanside for the reverse osmosis membranes in Train B at the Mission Basin Desalting Facility, and authorization for the Financial Services Director, or designee, to execute the purchase order
5. City Council: Approval of Change Order 3 [**Document No. 11-D0685-1**] in the amount of \$122,664 and Change Order 4 [**Document No. 11-D0686-1**] in the amount of \$1,089,310 to Granite Construction Co., Inc., for the Annual Overlay FY 2010-11 project, adding to the scope of work street repair and asphalt overlay of two additional arterial streets; approval to reduce the base bid purchase order authorization by \$150,000; authorization for the City Engineer to execute the change orders; acceptance of the improvements constructed by Granite Construction for the project; and authorization for the City Clerk to file a Notice of Completion [**Document No. 11-D0687-1**] with the San Diego County Recorder
6. City Council: Approval of Change Order 3 [**Document No. 11-D0688-1**] in the amount of \$320,000 to Select Electric, Inc., of Spring Valley for improvements to the Traffic Signal Communication System, for additional work requested by the City; and authorization for the City Engineer to execute the change order
7. City Council: Approval of a professional services agreement [**Document No. 11-D0689-1**] with Infrastructure Engineering Corporation of Oceanside in an amount not to exceed \$158,904 for the preparation of the Reservoir Structural Analysis; and authorization for the City Manager to execute the agreement
8. **Removed from Consent Calendar for discussion - public**
9. City Council: Authorization to award a contract [**Document No. 11-D0691-1**] in the amount of \$94,045 to Gardner Pool Company, Inc., of El Cajon for the Brooks Street Pool Improvement project, and authorization for the City Manager to execute the agreement upon receipt of all supporting documents
10. City Council: Authorization to award a contract [**Document No. 11-D0692-1**] in the amount of \$336,396 to Tharsos of La Mesa for the construction of the San Luis Rey Wastewater Treatment Facility Primary Clarifier Influent Channel Repair project located at the San Luis Rey Wastewater Treatment Facility; and authorization for the City Manager to execute the agreement upon receipt of all supporting documents

**COUNCILMEMBER KERN** moved approval of the balance of the Consent Calendar [Items 3-7, 9 and 10].

**COUNCILMEMBER FELIEN** seconded the motion.

**Motion was approved 4-0;** Deputy Mayor Sanchez - absent.

**Items removed from Consent Calendar for discussion**

8. **City Council: Approval of a professional services agreement with Dudek of Encinitas in the amount of \$212,920 for the hydraulic analysis and**

**environmental investigation for the North Avenue Channel Protection project, located within Loma Alta Creek and along North Avenue, and authorization for the City Manager to execute the agreement**

**JOAN BRUBAKER**, 1606 Hackamore Road, is speaking on this because this site on North Avenue is so deplorable that it's an insult to the City. The vegetation has grown up so high that she doesn't know how water can even flow down there and it's a good trash receptacle. It used to be a good graffiti receptor, but that's been reduced. She is in favor of doing something to that channel to improve the appearance and drainage and clean up the trash so it looks halfway nice.

**CITY MANAGER WEISS** stated this portion of the channel is east of College. We cannot remove the vegetation, as much as we'd like to, because we're prohibited. The channel banks have been eroding as a result of the vegetation in the channel because the water is pushing to the sides. The Public Works Department had been putting rock in there to protect it. One of our community members saw that rock being placed on the train, and we were ordered to stop that practice by the regulatory agency. That's why you're looking at spending this kind of money to do an environmental review to see what we can do to permanently fix it. The problem is going to be, since we cannot and are prohibited from removing the vegetation, that we're going to have to develop some type of permanent solution to protect the road and the utilities that are in that road.

In regards to the clean-up, we will have Public Works staff go look, but there's very little we can do other than pull trash and shopping carts out. We cannot touch that habitat.

**MAYOR WOOD** sits on North County Transit Board with Councilmember Felien, and they are concerned about the issues too. Some of the slippage and sliding is on the second track, and they've had to go through a lot of environmental issues in order to do repairs also.

**COUNCILMEMBER KERN** moved for approval [of a professional services agreement [Document No. 11-D0690-1] with Dudek of Encinitas in the amount of \$212,920 for the hydraulic analysis and environmental investigation for the North Avenue Channel Protection project, located within Loma Alta Creek and along North Avenue, and authorization for the City Manager to execute the agreement].

**COUNCILMEMBER FELLER** seconded the motion. This is another place where we've let the environmental overkill into our lives, and unfortunately we can't take a bulldozer out there.

**Motion was approved 4-0;** Deputy Mayor Sanchez – absent.

**GENERAL ITEMS**

General Items are normally heard after any 5:00 p.m. Public Hearing Items. However, if time permits, some General Items may be heard prior to any 5:00 p.m. Public Hearing Items, following the Consent Calendar.

11. **City Council: Approval of a Purchase and Sale Agreement with R.D. Olson Development, a California Corporation, for the sale of City-owned property at the northeast corner of Oceanside Boulevard and Rancho del Oro Drive in the purchase price of \$2,050,000 for the purpose of constructing an extended-stay business hotel of approximately 131 rooms; authorization for the Mayor to execute the agreement and the grant deed conveying the property; and authorization for staff to open escrow and consummate the transaction**

**CURTIS JACKSON**, Property Agent, is requesting that Council approve the purchase and sale agreement with R.D. Olson Development for City-owned property at the northeast corner of Oceanside Boulevard and Rancho del Oro for a purchase price of \$2,050,000.

R.D. Olson plans on developing an extended stay business hotel with approximately 131 rooms. Within 7 days of Council approval, escrow shall be open with the buyer with \$100,000 deposit to be placed into escrow. Escrow with the developer will be required to close the earlier of either 60 days after approval of the buyer's hotel project, or 1 year from tonight. At any time following the close of escrow at the date buyer obtains a Certificate of Occupancy, if the buyer determines he would like to sell the property, the City will have the first right of refusal on the property.

During the RFP process there were no offers to lease the property from us, so we went forward with the purchase only. In September we conducted an appraisal that came in line with the expected purchase price. Currently that is a vacant property that is zoned light industrial.

The property was originally acquired in 1997. It was part of a larger parcel of land that had different purposes, which the City did not deem necessary for habitat mitigation, right-of-way expansion or flood control measures. The property is no longer needed for improvement of the City's right-of-way habitat mitigation or facilities originally contemplated, and we declared it surplus a year ago on October 10<sup>th</sup>. We've also offered this property to various government agencies, none of which responded. By selling this property, we'll no longer be obligated for litter removal; it will also place the property back on our tax rolls and has the potential for TOT (Transient Occupancy Tax).

[Deputy Mayor Sanchez arrived at 4:08 PM]

**COUNCILMEMBER KERN** moved approval [of a Purchase and Sale Agreement [Document No. 11-D0693-1] with R.D. Olson Development, a California Corporation, for the sale of City-owned property at the northeast corner of Oceanside Boulevard and Rancho del Oro Drive in the purchase price of \$2,050,000 for the purpose of constructing an extended-stay business hotel of approximately 131 rooms; authorization for the Mayor to execute the agreement and the grant deed [Document No. 11-D0694-1] conveying the property; and authorization for staff to open escrow and consummate the transaction].

**COUNCILMEMBER FELLER** seconded the motion.

**Motion was approved 4-0; Deputy Mayor Sanchez – abstained.**

12. **City Council: Adoption of new City Council Policy 200-13, Financial Policies; revised City Council Policy 300-07, Property Management; and revised City Council Policy 100-31, Allocation of Funds for City Council, Council Aide, City Clerk, and City Treasurer Litigation Expenses**

**TERI FERRO**, Financial Services Director, stated before Council is a new policy that addresses a combination of numerous financial policies. The Government Finance Office's Association and the National Advisory Council on State and Local Budgeting highly recommend that all governments develop financial policies. Having written financial policies is very helpful for providing operational strategic decision-making decisions to the Council and the City regarding all financial matters. Policies usually outlive the creators because over time they perpetuate and continue so they can provide the stability and continuity a city may need. They provide efficiency by standardizing operations, and bond raters really like to see formal policies in place. They are an

education for decision-makers who may not have a background in government financial management, and they promote long-term and strategic thinking in order for Council to formulate options and goals.

The document that is before Council this evening should be considered a living document and be reviewed annually. As we go through the process each budget year, we should be able to look at our policies and determine if they need some fine tuning or enhancements.

The policy addresses 4 broad areas: the operating budget policy, which guides the preparation of the budget; fund balance policies that dictate how you report the fund balances (fund balances are defined as your excess of assets, minus liabilities); revenue policies, which are recommended to be put in place to assure reliable and sufficient revenues are available to provide the desired City services; and expenditure policies, which guide the spending of the available resources.

In conjunction with the financial policies that are before Council, there are 2 other existing policies that we are recommending some modifications to so they don't conflict with the financial policies. There is a policy regarding property management where we clarified some of the language so it doesn't conflict, and there is a policy regarding allocation of funds for litigation expenses that we wanted to clarify as well.

Council has had time to review the various policies.

#### Public input

**NADINE SCOTT**, 550 Hoover Street, reviewed this policy when it first came out on line. She isn't surprised because we have 3 Councilmembers in the majority who want to radically change the way we spend money in Oceanside with their structural deficit ideas. This policy as presented completely goes around the workshop she attended when they were discussing budgeting. No decisions were made at that time to change these policies, nor was there any general consensus or introduction of these policies. She's sure the Council majority is quite pleased with these policies, but she thinks they are dangerous. They are made to change and restrict the way the City spends money. The end result, perhaps unintended by the Financial Director, but intended by the Council majority, is that it will eventually in bad years eliminate General Fund programs entirely because that is like the last tier of what any money in the City will ever be spent on. Eventually that would lead to public safety cuts. There is no possible way, looking at this policy, that it's a workable document to maintain the minimal services we now have.

It's especially dangerous regarding the reserves. It completely restricts them far beyond what Council's reserve policy says, and it completely restricts revenues and how you're going to spend them. It has a tiered hierarchy, and the General Fund is not even in there. Public safety salaries may be in there, but if so they're in the bottom of the tier; and the same with expenditures. It severely restricts the ability of the Council minority to be heard on any issues at budget time because the other 3 are just going to waive this policy in their face. She is urging the Council minority to stick up for the people, the policies and the General Fund programs we now have because in slim years they'll be gone.

**JIMMY KNOTT**, 127 Sherri Lane, stated this looks like staff is just revising 2 or 3 sections, and it was only 2 or 3 sentences that were being revised. That puts out a false impression. This needs to have a public workshop. It's like setting up a whole new system that will rob from the General Fund. The new system would say that the City shall have a certain amount of money for these reserve funds. Where will that money come from? There is only one place, and that's the General Fund. This is out of

line with Council's own policies. We need to have a public workshop to compare it with existing policies so the public understands what's going on. This isn't only a couple of changes; it's a radical deformation of what our policies and procedures are.

**DONNA MCGINTY**, 2405 Mesa Drive, has experience in public agency finance management, particularly in the water district industry. In an industry of that nature, they would not even consider doing business without long-term projections, long-term set-asides for bonding, equipment replacement, and including pensions and health insurance and long-term debt that's going to be coming at them 20 years down the road. One of the problems we have in this City is that those discussions are not held often enough. The structural balance of the budget has to become part of the general language of this Council and it's consideration of the revenue in this community. The revenue for the most part here hasn't done a whole lot of changing, except maybe sales tax and things of that nature.

The problem that we seem to have is unnecessary spending. The communication and language of projections, solid accounting and set-asides needs to be made part of this financial planning method. Thank goodness the Financial Director and the Council majority are looking at that being the case. It's absolutely ridiculous to try to run this community financially without long-term projections and sticking to it once it's done. This will require getting rid of all of the fluff.

Public input concluded

**DEPUTY MAYOR SANCHEZ** was out of town when this document came out on Thursday so the first time she had a chance to look at this was Monday. She objects on several grounds. First is procedurally. This should have been done through a workshop. This is being presented to us with very aggressive policies in a 20 second presentation. This is an inappropriate delegation to one department head. This should have been brought to us via a workshop, and the community should have been invited and notified as to the egregious policies that are recommended by our Finance Director and the tremendous impact this is going to have on our programs in the City. This includes mandatory language that we did not have before about how money is to be spent and basically takes out of our hands the ability to do the right thing. If there's anything that we should understand, it's that our economy is fluid, and we should be able to respond to the needs of our community. Our citizens come first. Procedurally it is wholly inappropriate the way it's being presented to us.

In terms of the content, she can't even begin to say what a horrible document this is and what it means to our citizens. It is tying our hands as to how we're going to be able to spend money. The majority is going to be able to say that this policy says we have to do it a certain way, and we can't even consider funding this or that program. She objects to this. This is a highly inappropriate document that should be turned down.

**COUNCILMEMBER FELIEN** thanked the City Manager and the Finance Director for having the initiative to bring forward some written policies. Based on his private sector experience, an organization has a lot more credibility in the financial world when you're trying to borrow money, get a contract or go through an audit when you have a series of written procedures so you can document what you want to do. Because it is housekeeping, there is no rush to push these through and no conspiracy involved in the changes. He asked the City Manager where this originated. Was it based on any phone calls from any Councilmember?

**CITY MANAGER WEISS** responded that as part of one of Council's prior budget discussions, there was an issue about bringing forward these policies, most of which we already abide by. A few of them we do not have in writing. We forwarded

Council a draft of these policies approximately a month ago.

Regarding the property management policy, the minor modification is in regards to a property management fund, which we can't recall we ever had, so that's being deleted.

Regarding litigation expenses, we have a resolution that addresses certain limits between the City Attorney and the City Manager, but we didn't have it in the actual policy. There was a conflict there.

The other policy, which are the financial policies, are fairly straight-forward. The first one is that all budgetary procedures will conform to State regulations and generally accepted accounting principles. That's part of what this is, to document what it is we do in a manner which we have consistently done over the years. Although there are some changes in regards to what your limits are, the intent was not to make anything mandatory. It is a Council policy, and at any point in time the Council can waiver from that policy or change it.

**COUNCILMEMBER FELIEN** asked if we refinance our bonds or issue a new bond in the future, would our City have more credibility in the financial community if we have clear written procedures in terms of how our budget is handled and the policies for expenditures and receipts.

**CITY TREASURER ERNST** responded that in keeping with generally accepted accounting principles, it's a good idea to have written procedures. How we get to those procedures is another matter, but we should have written procedures to maximize the potential for getting the best possible rating from the bond-rating agencies.

**COUNCILMEMBER FELIEN** has no objection to a workshop if there was any feeling that it would be useful. He would like to have these procedures in effect for our next budget cycle, so that decision doesn't have to be made today. He would like to confirm that in essence we're going from the pay-as-you-go method, which doesn't fully recognize all of our unaccrued liabilities and expenses, to an accrual system that honestly recognizes expenses as they're incurred. That way you're not caught off guard in the future paying for bills that you incurred based on services that were rendered years, if not decades, prior. Is that a correct overview?

**DIRECTOR FERRO** responded that is correct.

**COUNCILMEMBER FELIEN** recommended some modifications for consideration by his colleagues and the public. On Item OB-2 he would like to have a cap on the amount that the City Manager can transfer without Council notification. He'd suggest \$25,000, but he'd be comfortable going as high as \$50,000. He believes that is necessary since the Council does approve a budget at that line level. If changes are made at that level, we should be at least notified, if not have it as a Consent Calendar item.

On Item OB-6, regarding the choices of A, B or C, he believes that in these tough times C would need to be taken off the table. If we're getting new revenue, it either needs to go to replenish our unallocated reserves or it needs to be assigned to offset our unfunded liabilities. That is what he'd prefer, but he is interested in feedback from his colleagues.

On Item EX-7, dealing with post-employment benefits, you're recommending that we go with a pay-as-you-go basis. He recommends that for the next budget cycle we would have everything, with the exception of the CalPERS unfunded liability, on a full accrual basis. We should not have anything on a pay-as-you-go basis so that we're fully

recognizing the expense. He believes we've had several audits of our healthcare accounting that recommended that we begin moving towards an accrual basis and away from the pay-as-you-go basis. Is that correct?

**DIRECTOR FERRO** responded we have an actuarial report prepared every 2 years. The last one was in 2009, and another is coming out in 2011. One of their recommendations is to go to funding the required contribution. She is still gathering data from the actuary and plans on bringing forth a memo or recommendation to Council.

**COUNCILMEMBER FELIEN** stated we have an unfunded liability of approximately \$10,000,000 in vacation pay that's built up. We've not set aside money or recognized the expense for those accrued vacation days. When an employee leaves they hand us a big bill for a big pile of vacation pay based on vacation earned over years, if not decades, that we've never recognized as a City. Moving toward this type of accrual accounting system is critical to have honest accounting so we're recognizing for the public the true expense that the City has incurred based on the contracts we've signed and the agreements we've made. With the revisions that he's suggested, he fully supports moving in this direction. He is willing to offer as much time as the public or his colleagues would like to chew on these issues. Sometimes it's hard to grasp accounting issues and some of the technicalities and complexities, and he's willing to take as long as it takes so the public has a comfort level over these issues. Based on his professional experience, this is the direction the City needs to go in.

**COUNCILMEMBER KERN** fully concurs with Councilmember Felien. Regarding limiting the transfer authority, he thinks the \$50,000 authority that the City Manager has is consistent with the other policy. That gives him that authority to transfer the \$50,000, just like he has the ability to do \$50,000 in settlement. The idea is just to let Council know. It could be a consent item on the agenda that the money was transferred. We do that all of the time on change orders and things like that so that we're fully aware of what's happening with these projects. He asked if the City Manager has any question about that.

**CITY MANAGER WEISS** responded the primary reason for this is that a few weeks ago we received \$470 in donations for the library, and we had to bring Council a staff report, which cost us more money than we got in donations. The \$50,000 is fine; the issue is not going to be transferring money. It's as we receive money from private foundations, community donations or other one-time sources that are for specific reasons, we would just move that money into the department account to spend. So it's not a Council action.

**COUNCILMEMBER KERN** stated if we got a gift of \$50,000, he'd like to know.

**CITY MANAGER WEISS** would let Council know.

**COUNCILMEMBER KERN** fully agrees with Councilmember Felien on OB-6. This will not come into effect for at least 5-6 years because he doesn't think we're going to have excess revenues over expenses for at least that amount of time. What we cannot do, once the money starts coming in, is go out and try to spend it on new programs. We have to pay off our unfunded liabilities and rebuild our reserves first before we talk about increases to our operations. He would like to see half go to unassigned fund balances and half go to long-term unfunded liabilities until we get those to the levels that we're comfortable with. We don't need to increase new programs until we pay off all of our unfunded liabilities.

Some of this is wishful thinking. People look at the State, which is going to get \$4,500,000,000 of increased revenue this year, but the report from the Controller's

office says they are \$703,000,000 short. They're basing a budget on guesses and hopes, and now they're going to come back and whack the schools and the cities because they have an unanticipated shortfall. We have to have a real budget with real numbers and a real policy to control that. It's tough for some people to have fiscal discipline. That's what these policies are all about: that we have the fiscal discipline to see this City through the next 5-10 years.

He **moved** adoption of the new policies with his changes and Councilmember Felien's changes.

**COUNCILMEMBER FELIEN** seconded the motion.

**MAYOR WOOD** stated since 1888, we've been able to be a balanced budget city. He relies on the City Manager to do that. Some of it includes where is the money on the General Fund and how is it going to be spent. Certainly, fiscal management is important in this economy. These are some pretty important issues, and he agrees with some of them. However, they probably need to be filtered out a little more, and a workshop would make him more comfortable with this. He's in favor of some but not in favor of others. Councilmember Felien made changes to 3 items here at the dais, which tells him that the Council as a whole is really not onto this yet. We should probably have more time to work on it and decide the pros and cons. A workshop would be appropriate.

He was upset by an article in the newspaper that implied we hadn't been functioning right for the past years, and now this is the only way to save us. Now he has to make a decision on this without any feedback from our Councilmembers. We don't get to sit around and talk about these things, so sometimes a workshop is appropriate. Right off the bat he sees that there may be some legal issues with OB-6.

**CITY MANAGER WEISS** suggested that as Council gets into negotiations with bargaining units to indicate to them that, at least for the next several years, based on our projections, he doesn't see that we're going to have excess revenues over expenditures.

**MAYOR WOOD** understands that, but is concerned that we haven't had a chance to discuss or talk about these issues, and that's why he thinks the workshop would be appropriate.

**CITY MANAGER WEISS** responded if you want to do a workshop we could do that and go through the various items. Specifically related to OB-6, it would mean that at such a time as you initiate negotiations with any of your labor groups, if you're looking at some type of wage or benefit increase, then you would need to change this policy.

**MAYOR WOOD** knows that there is a motion on the floor, but this is an item that probably needs a little more discussion. He isn't against this whole policy, he is just concerned about certain aspects of it that he hasn't had the time to discuss with anybody. That's what workshops do. Down the road it's an important issue on where that money comes from and what part of it is from the General Fund. He understands that Council can change any of this, but it would be nice when we vote on these things to have a little more insight into what's going on. He would be in favor of a workshop.

**DEPUTY MAYOR SANCHEZ** would like to see this at a workshop after the new year. She'd like to suggest a substitute motion that this be continued to a workshop.

**CITY ATTORNEY MULLEN** clarified the maker would have to amend the main motion, and the second would have to agree to that.

**COUNCILMEMBER KERN** isn't going to agree to that. When we get into our budget workshops in the spring, we could bring up some of these items in particular and discuss it then. Otherwise, we can put everything else in place. If there is something that we find problematic between now and our budget workshop, we can bring that up at the budget workshop.

**DEPUTY MAYOR SANCHEZ** assumes the second is also not going to change his mind.

**COUNCILMEMBER FELIEN** doesn't support Deputy Mayor Sanchez's specific motion, but he doesn't object to a workshop. He would want it to be soon. He would enjoy a workshop that included going through all of the City's unfunded liabilities so the public has some idea of the issue that we're trying to grapple with here. He understands that some of this accounting is kind of arcane to people who don't do it for a profession, so he's willing to allow the time and the process for people to get a good feeling about it. He would like it to be quick because he'd like this policy, as he envisions it, to be in place before the budget process begins so it's the anchor that we're designing our budget around.

He would like to have the workshop by the end of the month. When people see the total of all of these unfunded liabilities, people then would understand the reason why our Finance Director and City Manager feel it's critical to bring this issue forward.

**DEPUTY MAYOR SANCHEZ** would like to see this go to a workshop at whatever time. We're doing a huge disservice to our community, and she welcomes the challenge to debate Councilmember Felien because it's all in the wording. You say \$10,000,000 in unfunded liability vis-a-vis accrued vacation. Why weren't we putting that money aside? That should never have been unfunded. That was bad management and bad accounting. She doesn't know how far back this goes, but it isn't something to be done overnight or saying we can't spend any money whatsoever unless it's for a one-time capital expense. We shouldn't tie our hands.

**MAYOR WOOD** stated that if we agree to a workshop, then the City Manager will pick a good date for staff and Council, whatever that might be. We don't need to debate it right now. He asked the City Attorney where the motion goes from here.

**CITY ATTORNEY MULLEN** responded if Councilmember Felien withdraws his second, which he hasn't done at this point, then Councilmember Kern's motion would die for lack of a second and then you could vote on a substitute motion.

**COUNCILMEMBER FELIEN** withdrew his second in order to structure a motion that deals with having a workshop in the near future. He made a **substitute motion** to request that the City Manager schedule a workshop in the near future to discuss this item, with the revisions that were suggested by himself and Councilmember Kern as a starting point.

**DEPUTY MAYOR SANCHEZ** seconded the substituted motion.

**COUNCILMEMBER FELLER** asked if, on OB-6, we could not do pay raises in the future without changing the policy, if we eliminated C.

**CITY MANAGER WEISS** responded that depending on your negotiating position, you still could do pay raises but then they would be included. The way it's worded now, if you have excess money then you will allocate 30% to employee wages and benefits. It does not preclude you at some point from negotiating, through the meet and confer process, additional wages and benefits.

**COUNCILMEMBER FELLER** is not clear on the \$10,000 portion of OB-2. Is that regarding money that we might take in? Why would we want to change that to \$50,000 and why did you pick \$10,000?

**CITY MANAGER WEISS** responded that most of the money we get is less than \$10,000 when it comes from those types of groups. For example, when the Friends of the Library raise money for the library, we can do that without bringing an item to Council when it's for specific purposes. If we get a large grant, like a Cox Grant, we have to bring that to Council anyway. We don't have the ability to just accept and encumber that money without Council approval. It will be very rare that we would get \$50,000.

**COUNCILMEMBER FELLER** will reserve his comments for a workshop.

**CITY MANAGER WEISS** stated the soonest we could do a workshop would be Tuesday, November 8<sup>th</sup>. Following discussion, Council concurred.

**COUNCILMEMBER FELIEN** doesn't see this as some big debate. It's more of a discussion because an accounting issue should be a 5-0 vote; there shouldn't be a controversy over it.

**CITY MANAGER WEISS** stated it seems that most of Council's discussion is on the proposed policy, 200-13. He asked if Council doesn't have any issues with the property management or litigation ones, if you want to approve those.

**CITY ATTORNEY MULLEN** stated the litigation policy is just really to confirm the existing practice. There is a Council resolution that gives the City Attorney \$35,000 of authority to settle claims and the City Manager up to \$50,000, with notification to Council thereafter. Anything about \$50,000 goes to Council. The existing Council policy is not exactly consistent with the prior Council resolution. That was a housekeeping item that we were hoping to clarify today.

**MAYOR WOOD** isn't sure if everybody wants to vote on the other 2 items, we haven't discussed this. He was only concerned about the last issue and not so much the housekeeping for the City Attorney's office and property management.

**COUNCILMEMBER KERN** would like to adopt Policy 300-07 and Policy 100-31 as a separate issue, but we have a motion on the floor that we should vote on and come back to vote on these last 2 separately.

**COUNCILMEMBER FELLER** would agree to handle those 2 policies separately.

**DEPUTY MAYOR SANCHEZ** would like to address this entire Council item at the workshop. There is no 'time is of the essence', and November 8<sup>th</sup> is not that far away. She would appreciate keeping it all together.

**MAYOR WOOD** would like to vote on the first item and then we'll have a discussion regarding whether the whole thing should be presented or we should break it down.

**ASSISTANT CITY CLERK TROBAUGH** clarified that the motion addresses only Policy 200-13.

**COUNCILMEMBER FELIEN** responded yes.

**Motion was approved 4-0; Deputy Mayor Sanchez – no.**

**COUNCILMEMBER KERN** would like to bifurcate the 2 polices, and he **moved** adoption of the revised Policy 300-07.

**COUNCILMEMBER FELLER** **seconded** the motion.

**DEPUTY MAYOR SANCHEZ** thought the whole idea was to have this at a workshop in order to have a proper discussion with the community. We've spent half an hour just talking about procedure. She was hoping to have discussion on the entire topic and not just one.

**COUNCILMEMBER FELIEN** stated Mr. Kern's motion is dealing with non-controversial housekeeping issues. What controversy is there relating to these 2 items? The main issue is 200-13 and the establishment of going from pay/go to an accrual system. Everything else will be cleaned up to match, if the workshop or another Council meeting comes up with some flaw in these other items. He just can't see any controversy to fixing them. This is something we can move ahead and be done with. The workshop will cover the pertinent issue, which is an issue of philosophy on how we're going to run the City. That's certainly worthy of a full and complete discussion.

**Motion was approved 3-2;** Mayor Wood and Deputy Mayor Sanchez – no.

**COUNCILMEMBER KERN** **moved** adoption of the revised Policy 100-31.

**COUNCILMEMBER FELLER** **seconded** the motion.

**DEPUTY MAYOR SANCHEZ** has the same objections as she had to the previous motion.

**Motion was approved 3-2;** Mayor Wood and Deputy Mayor Sanchez – no.

13. **City Council: Introduction of an ordinance amending the contract between the City and the Board of Administration for the California Public Employees' Retirement System to implement a two-tiered retirement system**

**PAT NUNEZ**, Human Resources Director, stated this is the introduction of the ordinance amending the current contract between the Board of Administration, California Public Employees' Retirement System, and the Council. On August 31, 2001, Council approved the resolution of intention to modify this contract. The amendment to this contract will create a second-tier retirement system for all non-safety new hires, which includes a change from 2.7% at 55 of the highest one-year pensionable earnings, to 2.0% at 60 of the highest three years of pensionable earnings.

If Council approves the introduction of the ordinance today, a second reading of the ordinance will come before you for final approval in early November. In accordance with CalPERS requirements, there is a 30-day waiting period beyond that approval before the second-tier retirement plan to go into effect. It would then go into effect the first day of the first pay period following the 30 days of the second reading.

Public input

**DONNA MCGINTY**, 2405 Mesa Drive, stated this is part of Council's plan to control costs including health insurance and retirement pension projections. The proposal needs to be done, but her personal view is that the Fire Department in particular should take no less than a 10% cut and no less than 50% pay on their own PERS out-of-pocket right now. The two-tiered system would work fine. They can slide into the demands of what the new policy might be allowed to be. The process of paying

100% of anything anymore is ridiculous and is done nowhere else in corporate America. It should not be done in this City. The public safety employees know it is ridiculous. If you don't put your foot down and demand it, you're going to keep paying more and more, like the broken record that it has been.

Mayor Wood and Deputy Mayor Sanchez have been part of the process of voting for these ill-fated obvious failures, that are now demands, for the entire time they've been in these chairs for the City.

Public input concluded

**COUNCILMEMBER KERN moved** for introduction of the ordinance. He clarified that he also voted for the 2.7% years ago when times were good and we thought they were going to stay good. It seemed okay at the time, but now times aren't good so we have to re-evaluate how we go. This is something we have to do now because the times have changed. We've talked about this a lot and there are hundreds of newspaper and magazine articles on this; the public is more informed about this one issue than anything else.

**COUNCILMEMBER FELLER seconded** the motion.

**CITY MANAGER WEISS** clarified that this only relates to miscellaneous employees and does not address safety employees at this time.

**DEPUTY MAYOR SANCHEZ** stated this is a very difficult thing to do. It is an economically based reason to have 2 classes of employees. It potentially will be difficult for us to attract new employees to the City. Having employees working side-by-side that are being treated differently is not going to be a very easy thing to do. She does understand the economic realities that we are facing and that in the past we have done pretty good in terms of attracting employees, even though many of our pay scales are not at all competitive with the rest of the County. From miscellaneous we have had some really great employees working for the City. This is a handicap that we will face, and other cities are doing the same thing. It is a problem and a difficult thing to do, but she will be supporting it.

**COUNCILMEMBER FELLER** stated in the corporate world people make different levels of salaries. It's just a way of life. If we had job openings, they would be lined up down the street to fill the spot. This should happen, and he's glad it's finally happening.

**MAYOR WOOD** feels this belongs in Sacramento. He doubts that anyone in Sacramento can come up with a decision that is smart or right, but on the other hand it's not fair to us. If we go to a two-tiered system in our City or County and then Orange and Riverside counties don't, they will steal all of our employees, including the ones we already have. When you have a two-tiered working employee system where people are getting different things, it's a morale issue. If the State would resolve this and put in a two-tiered system, we'd all be on a fair and even field.

We recently had openings for dispatchers at the JPA, and 3 very qualified people from Orange County were in the running. When they found out about the two-tiered system being implemented, they were no longer interested in the position. So when we put ourselves into a two-tiered system and the surrounding cities or counties don't, we put ourselves at a major disadvantage. He agrees that if we had job openings, the potential employees would line up, but we won't get the top-notch and experienced ones. They'll go to every other city that doesn't have a two-tiered system; they won't lateral transfer to any city with a two-tiered system.

Regarding Ms. McGinty's comments, it takes more than 2 Councilmembers to vote in any of this stuff; it takes at least 3. There were usually 4 or 5 votes on these things in the past.

After the titling of the ordinance by the City Attorney, the **motion was approved 4-1**; Mayor Wood – no.

[Recess was held from 5:12 PM to 5:22 PM]

**5:00 – ROLL CALL**

Mayor Wood reconvened the meeting at 5:22 PM. All Councilmembers were present.

**INVOCATION** – Councilmember Jack Feller

**PLEDGE OF ALLEGIANCE** – San Diego Humane Society & SPCA Personnel

**PROCLAMATIONS AND PRESENTATIONS** –

Presentation – “Pet of the Month” presented by Elkie Wills, San Diego County Humane Society & SPCA

**Presentations were made**

**CLOSED SESSION REPORT**

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

**CITY ATTORNEY MULLEN** reported on the items discussed in Closed Session: Items 2.A and 2.B. [Item 1 was not discussed]

**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.

**Advance written request to reserve time to speak:** None

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

**AMBER STARBUCK**, SDG&E representative, is here to thank Council for their support during the outage we experienced on September 8<sup>th</sup>. It was the first outage in the history of our company that was system-wide, meaning it affected all 1,400,000 customers and millions of people in surrounding areas.

We had wonderful experiences coordinating with the City's EOC and learned a lot of things that will be valuable to us in the future about response times and various methods of communication that were and were not working. We're taking all of that into consideration. We train for emergencies of this nature quarterly, and it reiterates how important it is to be prepared for something to occur.

While we know what caused the initial outage, right now both State and federal regulators are looking into all of the events that followed. We anticipate in the next couple of months we should have some additional information as to what their findings are and will keep you in the loop as we learn more.

**DEPUTY MAYOR SANCHEZ** asked Ms. Starbuck to explain to our solar users the change in the policy for SDG&E.

**MS. STARBUCK** is not prepared to speak in detail on that but would be more than happy to come back with a formal presentation to Council with the folks who have developed the new rate structure proposal. We at SDG&E believe very strongly in solar and believe it's a sustainable model for all of our customers, but we needed to fix our rate structure. Currently there is an issue with the rate structure in that it doesn't allow for all of our customers to have access to solar. There are a lot of customers who live in apartments or don't have the means to have solar on their rooftops, and one of the big components of this new rate structure will allow for those types of customers to have access to solar through community solar programs and a variety of other things.

Right now, without there being battery technology available to store the solar energy that's generated, people are producing at a certain period of time but they're also using energy at other periods of time. It balances out what people are actually using and what they're actually using the grid for so that when they're not producing electricity, their uses aren't being subsidized by customers who don't have solar. This is just an initial filing, and it's important to know that this is something the State is looking at to make solar sustainable. Right now, solar is being subsidized at about \$30 per person by customers who don't have solar. In the future, if we see solar taking the foothold that we'd like to see it take, those subsidies go up to about \$200 per customer annually. We want to make it sustainable.

**DEPUTY MAYOR SANCHEZ** would like to have a presentation brought back on this because some people are going to be upset about it.

**MS. STARBUCK** responded the thing that's important to note is that this is just starting the dialogue. This is something the State is looking at as a whole because the State has very aggressive initiatives that we want to support to encourage solar use statewide. This filing is just looking at the rate structure itself to make it sustainable. There are a lot of other components that are being discussed as part of this, and we want all of our customers to be a part of those discussions.

**DEPUTY MAYOR SANCHEZ** recalls that the SEC (Securities and Exchange Commission) had a goal of having 1,000,000 households with solar by 2020.

**MS. STARBUCK** doesn't recall the year, but there is an initiative to have 1,000,000 solar customers by a certain year.

**JIMMY KNOTT**, 127 Sherri Lane, announced that the PUC (Public Utilities Commission) will be meeting here twice tomorrow.

**MS. STARBUCK** clarified that's not with regard to the solar filing; that is our general rate case filing that we do every 3 years.

**MR. KNOTT** stated earlier this month he went before the Affordable Housing Density Group and he had a few questions as a result of that. Staff challenged him to answer his own questions, so he's going to give Council some brief information from that meeting. A graphic was used to show the poverty areas in Oceanside. According to the most recent estimates, based on family size and income standards, 76% of Oceanside falls within low-income. The heavily impacted communities went from 7 to 17 communities. Some of them are on the verge of becoming pre-ghetto communities.

Finally, SB 375 has to be mandated, and SANDAG is in charge of that. We have approximately 3% of available land that is buildable in Oceanside. SB 375 says one half of any available land has to be set aside, so we have only 1.5% buildable land and that's almost nothing.

**MAYOR WOOD** commented that the 3 richest cities in the County were exempt from the affordable housing numbers.

**5:00 P.M. – PUBLIC HEARING ITEMS** - None

**MAYOR AND/OR COUNCILMEMBER ITEMS**

21. **Request by Councilmember Kern to provide direction to staff to revise Council Policy 300-14 (Enhanced Notification Program) to eliminate all portions of the policy not required by state laws governing the public noticing of land development projects, except those portions of the policy pertaining to on-site signage**

**COUNCILMEMBER KERN** stated this policy was reviewed by the Redevelopment Advisory Committee and the Economic Development Committee, and the recommendations that were set forward to readjust this noticing area came out of those committees, at the request of some of the property owners, because the current noticing is very cumbersome and burdensome. The City of San Diego is only 300', Chula Vista is 500', Huntington Beach is 300-500', Santa Monica is 300-500', etc. The State standard is only 300' and is consistent with our 1986 and 1992 Local Coastal Plan (LCP). In the Matrix Study on Development Services, their recommendation 108 is to go to 300'. Everybody sees this as a problem, and he wants to bring this back into line.

He **moved** to eliminate all portions of the policy not required by state law governing the public noticing of land development projects, except those portions of the policy pertaining to on-site signage. That means the signs will still be there. People can drive by and see if there is something going on and can contact the City.

**COUNCILMEMBER FELLER** seconded the motion.

Public input

**JOAN BRUBAKER**, 1606 Hackamore Road, resents Oceanside citizens being treated like mushrooms; it's not fair. The builders pay for these notices; it isn't any charge to the City, so this is another perk for the builders. Already the City has given much to the BIA (Building Industry Association) and they're still asking for more.

The enhanced notification law was given by a Council that was citizen-friendly. She wouldn't consider this Council to be that. When she looked this up on the internet, all she could see was that the yellow signs were going to remain, and hardly anyone would get notice unless they drove by. There will be great haste in adopting this by a 3-vote majority. We can learn to live in Oceanside under Capone-type government, but to anyone who is hearing this, keep all of these things in mind the next time you mark your ballots in the next several elections.

**NADINE SCOTT**, 550 Hoover Street, stated one of the reasons for enhanced notification is because of the Robertson's debacle where you tried to put a concrete plant on a creek and within the floodway, which was not going to be allowed. The public only learned about it within days of the Planning Commission hearing. She asked the Mayor to have the City Attorney clarify that there is no State mandated advanced mail notification upon project filing required by the State. The only legally required notice she has found is prior to a public hearing. That essentially means there is no notice of any kind to the public prior to a public hearing. By then it's too late.

The whole reason for the enhanced notification process is so that concerned citizens and groups can go up to Development Services and the developers to express their concerns and try to work out compromises to make the projects better, and it

often works. It's a rare occasions when citizens have to sue the City, but this will force us to sue on practically every project because there will be zero citizen input. This eliminates application notification and web-based notification to the public. Signage notification is a joke from what she understands. People put them up and take them down the moment they have taken a picture and sent it into Development Services. That is practically no notice. There is going to be no genuine notice whatsoever to the public. We are all entitled to know what will affect our property values, our safety and our environment.

This proposal of Councilmember Kern's also eliminates neighborhood planning area notification. In other words you wouldn't even get to know about Melrose. The interested party notification list would be eliminated, which she believes is a violation of law because if we request it then it must be given. This is just another rape of the public to benefit developers and donors. The public needs to know what's happening here. There is no legally required notice of an application to the neighborhood until the public hearing. This cannot be allowed to happen. This requires more thought. There may be problems with the policy and certain areas in town where it could be improved, but when you have industrial and commercial projects that affect the general public, the more notice given the happier everyone is, and the less lawsuits this City will see.

**CITY ATTORNEY MULLEN** stated if the question is does State law require sending a notice of an application, as opposed to a notice of a public hearing, State law does not require that the City send out a notice of an application of a development plan. Typically, those are considered public records. If it were requested the City would have to turn those applications over as a public record. But there is no requirement under State law to notice an individual of an application. There is a State law, under the Public Resources Code, that requires providing notice of an environmental document, so if there's an environmental document that's been submitted for an application, we would have to provide that.

**JIMMY KNOTT**, 127 Sherri Lane, had 4 citizens call him who could not attend tonight but all had similar concerns. The biggest concern was that this proposal means that if there was a halfway house for convicts or drug users or the like within 576', no notice would have to be given. If there was an industry or commercial activity that could potentially go all night with deliveries within 1,112', no notice would have to be given. If it was around the corner from anyone's home and was 712', no notice would have to be given. If it blocked the view or took the afternoon sun or breeze away and you lived 907', no notice would have to be given. This is objectionable to a lot of people.

There are no statistics being given here regarding the notification going out and the responses to it. There is no data to show that this needs to be eliminated. It's being done on a whim. Notice needs to be enhanced. There should be community meetings in every proposal because we've had so many controversial issues with a lot of proposals that a community meeting could have resolved. Now we want to cut away more notification. That doesn't sound productive.

**MARGARET MALIK**, 1611 Hackamore Road, doesn't want to see Council do this. She lives where the Home Depot went in on Highway 76, and nobody was in notification distance so now we have a Home Depot. We didn't find out until the last minute. Every time we turn around, you're zapping us with something else. Jeffries Ranch area has a lot of open space, and you're not going to come within 300'; we're on half acres. She wants to know what's going on in this City.

Home Depot was one of the reasons why the enhanced notification was enacted, along with other projects. Does Council not want the citizens to have any say at all? This is just a little notice that comes out. The City isn't paying for it, so why shouldn't

we get it? This is not the way to treat the City or the citizens. She asked Council not to direct staff to do this. They are rubber-stamping everything down there, and they are being given more and more authority. Please don't do this to us.

**ERIN MORIN**, 1241 Chambord Court, hopes we can get notices in the mail because she would like to see what is developing in her area, especially the Melrose Bridge. She would really like to be able to get online and figure out what's happening and where things are going to be. We have a right to know about what's going on in our community. When Lightfoot Planning Group developed the nice bus station on Vandegrift and North River, we got to talk to them about our questions and concerns. We want to talk directly to the developer, and we need the communication in our communities. You cannot slam the door in the citizens' faces. She asked Council to keep the enhanced notification.

Public input concluded

**DEPUTY MAYOR SANCHEZ** agrees. This policy grew out of a number of citizens asking for more notification, and it was a 5-0 vote to change to a 1,500' notification. We were on the same wavelength that we need to provide more notice to the public, that the community should know what government is doing and that we be transparent. What we have been doing instead recently is a new trend for citizens to not be told what's going on and to be the opposite of transparent, especially for development. We're calling it streamlining the process, but we're also leaving out the community. It seems to be the goal of the BIA to do as much over the counter without any notification to the community whatsoever. The BIA is not an Oceanside resident. We should require the best notice for our community.

The whole idea behind giving notice is that we don't get last minute objections, because at that point we don't want to go back and start all over again. It is much better, more effective and efficient in costing us less money if we notify our residents at an early stage. If the developers, small and large, work with the community, it goes by much faster, and we don't end up in lawsuits. She is unhappy that this is before us and sees this as a trend. What is the harm in putting it on our web site? She doesn't get it and thoroughly objects to this. She would like to maintain it at 1,500' or maybe cut it down to 1,200', but that's it.

**MAYOR WOOD** is concerned because it seems like every Council meeting in the last few months has something controversial. He agrees that the Council voted, he believes unanimously, to go forward with the enhanced notification because we were saying we want the public to know about it so they don't come in at the last minute to try and stop a project where a developer has hundreds of thousands of dollars into it. The developers don't want that either. They would probably rather know up front before they invest a lot of time and money into something.

Another reason for the enhanced notification is that we were going through a phase called transparency in government. We wanted to let the people know what was going on because everybody was mad at government. We were trying to say let's be open and tell the people what's going on. He sees a reversal of that now. In this particular case, it's not only going to cost time and money for the City when the citizens come back at the last minute and challenge projects, but it also says that we're trying to stifle the public from knowing what's going on. The distance can be addressed but what he doesn't want is, if you don't drive by a sign (or drive at all), then you don't know what's going on in your neighborhood. We may not tell you until it's too late, which causes litigation and problems. That's not open and transparent government. We don't pay for these notices; it's the developer. The developers aren't all bad people; some of them build nice things; but they go through a process. What he doesn't want to see happen constantly here is the lack of transparent government.

He believes, in this economy, the public is too busy trying to run their own lives, and they aren't interested in or don't have time for politics right now. If they don't follow the Council meetings and the press doesn't put it out, they'll never know about it until the last minute when they're angry and mad. He believes these people don't want to forget about politics or what's going on in their neighborhood, but they're just too busy trying to run their own lives. When they get a card in the mail telling them that around the corner from their house is going to be a project, it needs to be addressed early before everyone spends a lot of money and time. He'd rather know about it earlier than later, and he's sure it's the same with the people in the community.

He's concerned that we won't be sending out any notices whatsoever. The cost of this goes to the developer, and for that small amount of money he'd rather have the public know about a new project so they can come to us early. He knows from past experience that the neighborhoods who find out early can go to the developer, and there's usually a compromise. He doesn't support this item. He would probably be supportive of modification to some extent, but not getting rid of it completely.

**COUNCILMEMBER FELIEN** asked for clarification again from the City Attorney regarding the issue of State notification requirements.

**CITY ATTORNEY MULLEN** responded the State law, under 65090 and 65091 of the Government Code, is 300', generally speaking, to the applicant and anyone who has an interest in the property, the neighbors and to various local agencies that may be required to provide services, such as school districts, water districts, etc., as well as to anyone who has filed a request for a notice. Cities generally maintain what's known as an 'always notice list'. If a party requests be noticed of a public hearing, then those individuals would have to be noticed, subject to a fee. What Ms. Scott asked about was whether they would get notice of the application, and there is no requirement under State law for us to send a notice of an application. That's included within the existing policy that's being proposed to be eliminated.

**COUNCILMEMBER FELIEN** asked if we're basically going down to 300' as a standard issue so he doesn't understand how the web-based notification got caught up in that.

**CITY MANAGER WEISS** responded the web-based notification is part of your current policy, and it is not a requirement. You could retain that if you so chose, but the way it's worded is to eliminate everything that's not required by State law, so that web-based requirement would be eliminated as well.

**COUNCILMEMBER FELIEN** supports Councilmember Kern's effort to try and reduce costs wherever we can. He gets a lot of postcards notifying him of projects two hills over from him on streets that he'll never visit, and he just throws them in the trash. He believes that people who are concerned and want to monitor these issues should be notified. The City, or any government agency, as much as possible should be ready to live like they're in a fishbowl and be open to public review and scrutiny any time that it can be done in an efficient and practical way. We have the interested party notification list and he asked if that included an email list. That way for anyone who is concerned, we do have this separate list that is maintained for their benefit.

**CITY MANAGER WEISS** responded that's correct.

**COUNCILMEMBER FELIEN** would assume that by being on this list they would be notified of anything that happens anywhere in the City and they just have to be prepared to get notification on a lot of things they might not be interested in.

**CITY MANAGER WEISS** responded they would get notice of all discretionary entitlement applications, not on everything that happens in the City.

**COUNCILMEMBER FELIEN** asked roughly how many people are currently on that list.

**GEORGE BUELL**, Development Services Director, does not know the exact number of individuals that are on the permanent notification list, but he would venture to guess it somewhere between 20 and 50.

**COUNCILMEMBER FELIEN** asked Councilmember Kern if he has any objection to the web-based notification.

**COUNCILMEMBER KERN** responded no. He could keep that in there and have people sign up for email notifications.

**COUNCILMEMBER FELIEN** once again is amazed at some of the comments he hears that there is basically no concern about the cost of City requirements on the private sector, and this is exactly why California has 12% unemployment. We have never-ending burdens and the thinking that the private sector can always pay more; the taxpayer can always pay more. Frankly, yes there is a new Council that does have a different approach, and we are concerned about the impact and the cost on the private sector. We have interested party notification, and anyone can be on that list and be notified about any project that's going to be going on here. The idea that people can't be informed is incorrect. This issue is the cost method that we're going to have to inform people. By limiting the mail expense to the minimum and taking advantage of modern technology, with our email lists and City web sites, to notify people is a very practical and common-sense approach. He will vote in favor of the motion.

**COUNCILMEMBER FELLER** lives well over a mile from College and Oceanside Boulevard, so why would he be getting a notice from the City of a project in any of those shopping centers on any of those corners.

**MR. BUELL** doesn't know why he would be receiving that notification. However, notification is provided based on the property boundaries, so you take 1,500' from the closest property boundary where the project is proposed, and the radius is drawn around the property based on the configuration of the subject property or properties. So, if a portion of the shopping center happens to be within 1,500', then you would receive the notification.

**COUNCILMEMBER FELLER** asked if it could be by zip code.

**MR. BUELL** responded no. The list was compiled by a company that the applicant hired, and they could have included addresses that they should not have.

**COUNCILMEMBER FELLER** has had several notices from those projects, and it must be a terrible expense to send something to people a mile away from the project.

**CITY MANAGER WEISS** stated that depending on the type of project, there is a requirement for a neighborhood notification. He's presuming the shopping center Councilmember Feller is talking about is one of the ones at College and Oceanside Boulevard, and it's because you used to live within 1,500'.

**COUNCILMEMBER FELLER** doesn't live there anymore.

**CITY MANAGER WEISS** responded part of it depends on the mail database, and the updated County Tax Assessor's information as well.

**COUNCILMEMBER FELLER** stated we only have 20-50 interested parties within the whole City on that mailing list. He takes offense that we're doing things in secret when certain Councils have a vote the last day without any public input on a pay increase that's costing millions more than anything we would be doing to help the building market gain momentum to increase the jobs. Everything we're trying to do is to help stimulate what is left of a very weak economy. We lost \$500,000 with the lawsuit over the concrete plant. We've lost \$1,000,000 a year from asphalt, and some of those things have to be things that we can benefit from.

Is Melrose Bridge still in the Circulation Element?

**CITY MANAGER WEISS** responded the Melrose Bridge that crosses the San Luis Rey River is in the current Circulation Element, but it is not included in either of the alternative proposals that you'll be seeing.

**COUNCILMEMBER FELLER** asked if the web-site notification, the ETrack-It, is up and running.

**MR. BUELL** responded it is up and running; however, with the migration from the old web site to the new one we realized that we have lost some functionality. We're endeavoring to correct that as quickly as possible.

**MAYOR WOOD** explained that this compromise is nice, and he appreciates it. He is still bothered by it because some of us aren't computer savvy or don't have access to computers. That's why we did the mailer cards to notify people. The cost of automatic notification of 20-50 people falls on the developer. If the list expands to 15,000, he is concerned that the City will have to mail and pay for it because of this cutback. He wants to help any developer who has the chance to put people to work, but the economy isn't going to let that happen because nobody can get a loan to do business; it's not us. We represent the people to let them know that something is happening. This is the bare minimum and only if you have a computer.

**COUNCILMEMBER KERN** modified the motion in concurrence with the second, to make sure that the web-based notification is in.

**COUNCILMEMBER FELLER** wanted to clarify the notification is done by computer.

**COUNCILMEMBER KERN** responded yes. He encouraged everybody out there to sign up for email notification. We've invested a lot of money in technology. Yesterday a report came out that there are more cell phones in the U.S. than there are people. So you could be sitting in Chicago and get notification of a project in Oceanside. Everybody that wants to be informed will be informed.

People don't realize the difference between 300' and 1,500'. A 300' radius is 7 acres; a 1,500' radius is 162 acres. The Redevelopment Area is 375 acres. So every time you have a Redevelopment project you have to notify half of Redevelopment. This item did not originate with this Council; it came through EDC and the RAC (Redevelopment Advisory Committee). The people trying to put projects together found it cumbersome and burdensome. We're just trying to streamline the process.

He was notified on Pro-Kids Golf because he saw the signs every day. They held a community meeting to tell the population what it was like. A project of that size had only 4 people at the community meeting. We are notifying people. We're going to keep the web site. We have ETrack-It and the public will be better informed. Every speaker here has a computer. He encouraged people to sign up.

**CITY ATTORNEY MULLEN** asked for clarification as to the motion. Councilmember Kern just indicated that including the web-based notification was now part of the motion, and the second has agreed. Is it correct that the interested party notification list would be retained in the existing policy?

**COUNCILMEMBER KERN** responded yes. He **called for the question**.

**COUNCILMEMBER FELLER** seconded the call.

**Call for the question was approved 3-2;** Mayor Wood and Deputy Mayor Sanchez – no.

**The original motion was approved 3-2;** Mayor Wood and Deputy Mayor Sanchez – no.

#### **CITY COUNCIL REPORTS**

14. **Mayor Jim Wood**

**MAYOR WOOD** attended the ribbon-cutting ceremony for the Wounded Warrior Battalion West Center at Camp Pendleton; the Senior Expo last Saturday; and an event for Solutions for Change, where the guest speaker was Condoleezza Rice, the 66<sup>th</sup> Secretary of State under President Bush.

October 27<sup>th</sup> is Oceanside's SUN 2011 Project, where volunteers go to blighted neighborhoods and clean up the houses.

15. **Deputy Mayor Esther Sanchez**

**DEPUTY MAYOR SANCHEZ** wanted to correct something regarding the 1,500' notification. It was a 5-0 vote and staff was very supportive, including the commissions. It was seen as something that would be more efficient and effective in terms of notifying people and we were talking about transparency and the importance of that.

She got a communication from Francis Kazerski, whose family is celebrating the life of Steven Kazerski on the 10-year anniversary of his death. His family has asked the community to remember the family members left behind.

Today is the beginning of the 10<sup>th</sup> Annual Oceanside Music Festival. She announced the events that will take place during the festival.

She attended the musical "Big" on Sunday in Vista; it's playing through this coming weekend.

16. **Councilmember Gary Felien**

**COUNCILMEMBER FELIEN** attended small business visits, which are put together by our Economic Development Commission and Department, at Cal Mill Products and the North County Career Center. The Economic Development Commission asked that he and his colleagues do as much as possible to play up the visits that we do throughout the community, so the citizens can be aware of the kinds of businesses we're fortunate to have.

He visited the Oceanside Art Museum on October 6<sup>th</sup>.

There was an article in the *North County Times* about Oceanside being a top pick

as a venue for event promoters.

On November 8<sup>th</sup>, there will be an Oceanside Small Business Forum, put on by the Economic Development Department, which is an idea that was started by Councilmember Kern. It is for anyone wanting to start or expand a business in the City to meet all of the departments that you would need to interact with.

Cox Store had an opening. They've expanded into cell phone service and have remodeled and expanded their business on Highway 76. He also attended the Senior Expo opening.

17. **Councilmember Jack Feller**

**COUNCILMEMBER FELLER** attended the St. John's Missionary Baptist Church Widow and Widowers Annual Tea and presented a plaque on behalf of the Mayor to Gerry Wells.

He attended the ceremony for Mike Tomasiak, who was killed on Avenida del Oro on a motorcycle. He was retired CHP and a band dad for El Camino High School.

Saturday night is the Gentleman's Gourmet at St. Margaret's.

18. **Councilmember Jerome Kern**

**COUNCILMEMBER KERN** attended the Senior Expo as well. He also attended the business visits.

The November 8<sup>th</sup> meeting about how to do business in Oceanside came out of the Chamber of Commerce's annual retreat. It's a way of familiarizing new or expanding businesses with the codes, zoning and departments of the City.

He organized a meeting on Monday that was hosted by Tri-City Medical Center and the Southwest Innovation Cluster regarding how to bring innovation and jobs to the North County corridor.

He will also be attending the Gentleman's Gourmet at St. Margaret's. He is working with the NAACP to refurbish and restore the Martin Luther King sign posts along Mesa Drive. We are halfway to our goal.

**INTRODUCTION AND ADOPTION OF ORDINANCES** - None

**ADJOURNMENT**

**MAYOR WOOD** adjourned this joint meeting of the Oceanside City Council, Community Development Commission, Small Craft Harbor District Board of Directors and Oceanside Public Finance Authority at 6:53 PM on October 12, 2011. [The next regular meeting is scheduled for 2:00 PM on Wednesday, October 26, 2011].

**ACCEPTED BY COUNCIL/HDB/CDC/OPFA:**

\_\_\_\_\_  
Barbara Riegel Wayne  
City Clerk, City of Oceanside



California

# CITY OF OCEANSIDE

## JOINT MINUTES OF THE CITY COUNCIL SMALL CRAFT HARBOR DISTRICT BOARD OF DIRECTORS COMMUNITY DEVELOPMENT COMMISSION OCEANSIDE PUBLIC FINANCE AUTHORITY

OCTOBER 26, 2011

**REGULAR MEETING**                      **2:00 PM**                      **COUNCIL CHAMBERS**

**2:00 PM - OCEANSIDE CITY COUNCIL (COUNCIL),  
HARBOR DISTRICT BOARD OF DIRECTORS (HDB), AND  
COMMUNITY DEVELOPMENT COMMISSION (CDC)  
OCEANSIDE PUBLIC FINANCE AUTHORITY (OPFA)  
- REGULAR BUSINESS**

**Mayor**  
**HDB President**  
**CDC Chair**  
**OPFA Chair**  
Jim Wood

**Deputy Mayor**  
**HDB Vice President**  
**CDC Vice Chair**  
**OPFA Vice Chair**  
Esther Sanchez

**Councilmembers**  
**HDB Directors**  
**CDC Commissioners**  
**OPFA Directors**  
Jack Feller  
Jerome M. Kern  
Gary Felien

**City Clerk**  
**HDB Secretary**  
**CDC Secretary**  
**OPFA Secretary**  
Barbara Riegel Wayne

**Treasurer**  
Gary Ernst

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**City Manager**  
**HDB Chief Executive Officer**  
**CDC Executive Director**  
**OPFA Executive Director**  
Peter Weiss

**City Attorney**  
**HDB General Counsel**  
**CDC General Counsel**  
**OPFA Legal Counsel**  
John Mullen

For this regular and joint meeting, the Council sat as all 4 governing bodies [Council, HDB, CDC and OPFA] 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), Community Development Commission (CDC) and Oceanside Public Finance Authority (OPFA) was called to order by Mayor Wood at 2:01 PM, October 26, 2011.

**2:00 PM - ROLL CALL**

**NOT OFFICIAL  
UNTIL APPROVED AT SUBSEQUENT  
MEETING BY CITY COUNCIL**

October 26, 2011

Joint Meeting Minutes  
Council, HDB, CDC and OPFA

Present were Mayor Wood, Deputy Mayor Sanchez and Councilmembers Kern and Felien. Councilmember Feller arrived at 2:02 PM. Also present were Assistant City Clerk Trobaugh, City Manager Weiss and City Attorney Mullen.

City Attorney Mullen titled the following items to be heard in Closed Session: Items 2, 3 and 4. [Item 1 was not heard]

[Closed Session and recess were held from 2:02 PM to 4:00 PM]

**CITY COUNCIL, HDB, AND CDC CLOSED SESSION ITEMS**

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

**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))

Mira Mar Mobile Communities Homeowners Association, et al. v. Kendall West, et al.,  
Superior Court Case No. 37-2009-00050733-CU-BT-NC

**Item discussed; no reportable action**

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

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (SECTION 54956.9(b))

Significant exposure to litigation pursuant to Subdivision (b) of Section 54956.9: One Case

**Item discussed; no reportable action**

**4. CONFERENCE WITH REAL ESTATE NEGOTIATOR (SECTION 54956.8)**

CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Property: 1.82 acres at intersection of North Pacific Street and Harbor Drive South (portion of APN 143-010-31); Negotiating Parties: Oceanside Small Craft Harbor District and Marina Del Mar Homeowners' Association; Negotiator for the District: Douglas Eddow, Real Estate Manager; Under Negotiations: Price and terms for an extension of the current lease

**Direction was given; no reportable action**

**4:00 PM – ROLL CALL**

**MAYOR WOOD** reconvened the meeting at 4:00 PM. Present were Mayor Wood, Deputy Mayor Sanchez and Councilmembers Feller, Kern and Felien. Also present were Assistant City Clerk Trobaugh, City Manager Weiss and City Attorney

Mullen.

**CONSENT CALENDAR ITEMS** [Items 5-14]

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.

**COUNCILMEMBER KERN** requested that Item 9 be pulled for discussion.

The following Consent Calendar items were submitted for approval:

5. City Council/Harbor/CDC/OPFA: Acceptance of Joint Minutes of the City Council and Community Development Commission of August 24, 2011, 2:30 p.m. Adjourned meeting
6. City Council/Harbor/CDC/OPFA: 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)
7. City Council: Approval of a purchase order in the amount of \$180,481.25 to Siemens Water Technologies Corporation of La Mirada for the end-of-lease buyout of the Granular Activated Carbon System for Trichloropropane (TCP) Removal at the Mission Basin Groundwater Purification Facility; and authorization for the Financial Services Director, or designee, to execute the purchase order
8. City Council: Approval of Amendment 3 [**Document No. 11-D0705-1**] in the amount of \$14,000 to the professional services agreement with Geopacifica Incorporated for geotechnical services for the Loma Alta Creek Detention Basin at El Camino Real, adding Geopacifica as the Geotechnical Consultant of Record for the "Sprinter Walls" at El Camino Detention Basin and Rancho Del Oro Detention Basin; and authorization for the City Manager to execute the amendment
9. **Removed from the Consent Calendar for discussion – Councilmember**
10. City Council: Approval to accept \$330,000 in grant funds from the State of California Public Safety Communications Division awarded to the City for upgrades to the 9-1-1 System; approval of the grant budget; approval to appropriate these funds to the Police Department; and authorization for the City Manager or designee to execute the grant documents
11. City Council: Adoption of **Resolution No. 11-R0706-1**, "...requesting funds from the California Coastal Commission's Beach Sand Replenishment/Mitigation Fund administered by The San Diego Association of Governments (SANDAG) to be used for the Regional Beach Sand Project II (RBSPH)".
12. City Council: Adoption of **Resolution No. 11-R0707-1**, "...authorizing submittal of a WHALE TAIL® Grant proposal to the California Coastal Commission" (CCC); authorizing the City to enter into a contract with the CCC if funds are awarded; and authorizing the City Manager to execute the necessary documents
13. City Council: Ratification of the execution of a contract [**Document No. 11-D0708-1**] with Belfor Property Restoration in the amount of \$147,374.28 for the emergency purchase of services and materials to assess and remediate damage caused by flooding at 321 N. Nevada Street, to be reimbursed by insurance in the amount of \$142,374.28 with the City meeting a \$5,000 deductible
14. City Council: Authorization to award a contract [**Document No. 11-D0709-1**] in the amount of \$300,498 to Tri-Group Construction and Development, Inc., of San Diego for the Citywide Sidewalk Repair FY 2011-12 project for concrete-related repairs throughout the City; approval of a budget appropriation from the unallocated balance of the

Transnet Fund 212 in the amount of \$150,000 to complete the funding for the project; and authorization for the City Manager to execute the agreement upon receipt of all supporting documents

**DEPUTY MAYOR SANCHEZ** moved approval of the balance of the Consent Calendar [Items 5-8, and 10-14].

**COUNCILMEMBER KERN** seconded the motion.

**Motion was approved 5-0.**

**Items removed from Consent Calendar for discussion**

9. **City Council: Approval of a one-year Memorandum of Understanding with the TriCity Health Care District in the revenue amount of \$6,338 for Police services to staff and fund a security detail at the District's meetings, and authorization for the City Manager to execute the MOU**

**COUNCILMEMBER KERN** stated some of the numbers don't make sense, and some of these things aren't clear in his head. He's not sure if he wants to move to continue this or if he just doesn't support this idea.

To arrive at the \$6,338 number, he asked if we took into account what our PERS costs are, if we have to backfill these people with overtime, if they're going to drive our City car from Oceanside Police Department (OPD) to Tri-City Hospital and back, and if there is 2 hours of time in there for that. Today there was a special meeting at Tri-City Hospital that lasted one minute. Are we expected on these meetings to send an officer and 2 hours' worth of time for a one minute meeting? Also, as a taxpayer in the Tri-City Hospital District, he doesn't know if this is a good use of Tri-City Hospital funds. He would like to hear his colleagues' comments on this. He is up in the air on how this is going to work. He doesn't know how they came up with the costs and doesn't think the costs really cover what we're obligated to do. We are going to have our car and 3 officers there.

**CITY MANAGER WEISS** responded this is based on a request from the hospital district. Staff's initial reaction was to not provide those services unless they were actually paid for, and that was a direct result of the Chief's conversation with Larry Anderson. They do at this point provide their own security, but as a result of some incidents, they had asked for additional police protection. We did indicate to the hospital district that there would be additional police in the area as needed during those meetings to respond, but they requested direct police access and a police presence during those meetings.

In response to the Police Chief, **COUNCILMEMBER KERN** repeated his questions regarding the money, car costs, and staffing issues. He is philosophically opposed to this.

**FRANK McCOY**, Police Chief, stated there will be a minimum amount of hours that the district would have to pay for, whether the meeting is one minute or 10 minutes. If it goes longer than what our minimum was, which is 3 hours, then they would have to pay to cover those costs. This came about because the hospital had asked us to have a police presence at their meeting. From his perspective, we have a job to police the City. He informed them that if any issues arose that needed a police response, we would have police officers in the area to respond to that. They would like to have an officer on site. He informed them that if they want an officer on site, they will have to pay for that so we don't take away from the services that we provide to the whole community. That's how this MOU came about. They don't mind paying for the police; they want them there in case they need them. The money is all based on a minimum amount of hours, times the hourly rate of the officers that would be participating in this overtime assignment, over the timespan of the MOU. It does all

equate out so that we are doing cost recovery for the time our officers are there.

**COUNCILMEMBER KERN** asked about the car costs involved, because it's a distance between the police station and Tri-City Hospital. He's just afraid that there are some costs there that we're not accounting for.

**CHIEF McCOY** didn't put the numbers together so, unfortunately, he can't say if we actually added mileage for the car costs to and from the hospital. That's something we could look into if you would like.

**COUNCILMEMBER KERN** asked the City Attorney this morning about a policy issue that we have. If we don't approve this but they're looking for POST certified officers to privately contract through Tri-City Hospital, would we allow officers to privately contract on off-duty hours?

**CHIEF McCOY** responded a number of years ago the State changed the ability of police officers to moonlight security off-duty. If they want to work security at a facility, they have to go get a California Guard Card and go through the mandatory guard training. You have to become a security officer to perform those kinds of duties. He's not aware of police officers today who do that kind of work, but based on the fact that it is something within our City, he would see that as a conflict of interest and would not allow them to do that.

**CITY ATTORNEY MULLEN** stated there is nothing to prevent the district from hiring its own private security to provide security at their meetings and have OPD respond if there are any issues that warrant a police response.

**CITY MANAGER WEISS** stated they have their own private security now.

**CHIEF McCOY** stated the issue at hand is that Tri-City Medical Center is a quasi-public entity, and they would like to have a police presence and not a security presence at their Council meetings. The other option that they could look at is to contract with another police agency to provide the same type of services that they are looking at contracting from us. From his perspective as Police Chief, if there are any other police-related issues going on in our City, it's better to have our folks doing it because we have more control over how things are done, as well as the policies and procedures that can be put in place to deal with any issues that may come up.

**COUNCILMEMBER KERN** has more questions that he would like to have answered. If we make an arrest and the arresting officer has to go to court, who pays for that court time and who backfills the overtime for that officer going to court, etc. Right now he's opposed to this. If there is some sentiment on the Council to support this idea, he would at least like to continue it for a couple of weeks so we can explore it further.

**MAYOR WOOD** stated this is a formal request from one of our City's biggest employers, and we understand why they are requesting it. He's a little concerned about having an officer out there; however, it is a formal request from them, and he doesn't see how we can say no as long as they are paying for the costs that are involved. We're looking at it as a neighbor/friend of a business that just turned 50 years old. He's uncomfortable saying no to them. He hopes it is something that would be short in duration, but he would still support it because it was a formal request.

Regarding Councilmember Kern's request for a continuance, he doesn't know what the status is from Tri-City, whether they want it immediately or if a delay would be a big issue.

**CHIEF McCOY** responded our staff attempted to make contact with a representative from Tri-City Medical Center to be here at our meeting but he's not sure if they are here. He doesn't know the answer to the question at this time.

**COUNCILMEMBER FELIEN** shares some of the concerns that Councilmember Kern brought up about the arrangement. He's torn whether to speak as a Councilmember or a taxpayer. How did you come up with the district needing one supervisor and 2 officers?

**CHIEF McCOY** responded that looking at our past calls for service at this particular facility and the fact that we're looking out for our own liability issues, we feel a supervisor and 2 officers is appropriate contracting for this particular meeting to insure that we're providing the best service possible not only from their perspective, but from our City's perspective.

**COUNCILMEMBER FELIEN** asked if by signing this contract and having this special arrangement, the City is incurring any additional liability beyond what we normally would if we were just responding to a call without a contract.

**CITY ATTORNEY MULLEN** responded the agreement has a defense and indemnity arrangement, so if there is a legal claim that arises out of the performance of the work under this contract, the district has a contractual obligation to defend and fully indemnify the City for all of its costs in defending against that claim. It would be different from a normal claim where you're responding out on the street and you don't have that same indemnity.

**COUNCILMEMBER FELIEN** understood that the \$6,338 figure that was presented is for a minimum of 3 hours per meeting, plus the 2 hour travel time. Is that correct?

**CHIEF McCOY** did not put the hours together, but he believes that is true and correct. It gives the officer time to go to the police station, get ready for shift, go to the meeting and at the completion of the meeting go back to the police station and log out his equipment.

**COUNCILMEMBER FELIEN** asked if the \$195.28 per hour is the fully loaded cost and includes all retirements, benefits, sick and vacation accrual, etc.

**CHIEF McCOY** didn't put these numbers together, but we do get the numbers from Finance. He assumes that those numbers are true and correct overtime numbers for our officers.

**CITY MANAGER WEISS** clarified that it would not include the retirement or other benefits because they do not accrue on an overtime basis.

**COUNCILMEMBER FELIEN** asked if these are going to be filled by officers who already have a full schedule and have volunteered to do additional overtime or are they going to be assigned to this?

**CHIEF McCOY** responded it will be like any other overtime shift that we have such as grants. When these meetings take place, we will offer the overtime to officers who are not working, as well as within the MOU of our police officers. There has to be a 6-hour difference between the time that the shift ends and the time that they start work. So anybody who would have a conflict with that would not be allowed to work this overtime.

**DEPUTY MAYOR SANCHEZ** understands that Tri-City's board already has security guards in place to maintain a level of public safety that probably most boards don't have. This is in addition, and it is her sense that this has reached a ridiculous level of their inter-personal lawsuits, etc. She could see if it was truly a public safety need, where someone would get hurt, but this is beyond that. She is absolutely opposed to this. She understands the questions about insuring that this is a complete cost recovery, but this doesn't make sense to her at this point. She would vote against.

**COUNCILMEMBER FELLER** asked if each officer that goes takes a car.

**CHIEF McCOY** would not expect them to take 3 police cars to this facility, he would expect them to carpool as they are all going to the same place and working the same assignment.

**COUNCILMEMBER FELLER** is tempted to give the approval because it's something the district wants, but as a citizen he is opposed to it. He feels sorry that they even need this kind of protection. It just doesn't make a lot of sense to him. They should figure something out besides calling in the police to make this more of a boondoggle than it already is. He won't be supporting it even if it comes back.

**DEPUTY MAYOR SANCHEZ** moved to not approve this.

**COUNCILMEMBER KERN** seconded the motion.

**COUNCILMEMBER FELIEN** was going to suggest we continue it to chew on it. He's not in favor of voting on it tonight. He asked if, in your discussions with Tri-City, they discussed why they needed a full police presence as opposed to posting some job openings of their own for additional security at whatever level they felt was necessary.

**CHIEF McCOY** doesn't know the answer to that question, but their request is not something that is out of the ordinary for a police department to receive. Where he worked before they had a town center, which was a very popular location that had numerous businesses that wanted more police presence than what the city offered and entered into a contract with the city to pay for extra police officers for certain periods of time during the week. He looks at this particular request as being similar to that in that they would like to have police officers at their meetings because they are a quasi-public entity, and that's a service that we could not provide. If it's something they want, they have to pay for it. That's why it is coming forward to Council today.

**COUNCILMEMBER FELIEN** asked if it is the Chief's opinion, based on the activity that's taken place there, that this level of response is warranted.

**CHIEF McCOY** responded we've had a police response to their facility based on their meetings on at least 2 separate occasions. He can't answer whether there is any indication that they would have responses in the future. If we were to have a presence there, he would hope that we wouldn't incur any other police responses from our other units that are protecting our community. He would also hope that if there were any incidents there, our presence would curtail those incidents rather quickly and not lead to something bigger.

**COUNCILMEMBER FELIEN** asked the City Attorney what happens in the case of a continuance. Is it automatically back on the agenda for the next meeting?

**CITY ATTORNEY MULLEN** responded you would have to specify the date that you want it back on and what information you're looking for. Since there already is a motion that has been seconded, he would recommend going forward with the vote and, depending on the outcome, you could entertain an alternative motion.

**CITY MANAGER WEISS** wanted to clarify that what we would be providing if Council were to approve this, is a police presence as a crime and violence deterrent. We would not be monitoring their procedural issues.

**COUNCILMEMBER KERN** stated if we vote this down tonight it doesn't prevent it from coming back to the next Council meeting. The district can actually come back and give further information to the Chief. If staff feels it needs to be reagentized with more information, they can bring it back. It may take 2 weeks or a month. If we continue it to a time-certain, which the City Attorney is saying that we must do, then we

may have to continue it again because we don't have the information that we need. This is probably the best way to do it.

**MAYOR WOOD** commented that this is a courtesy request and they are paying for it. He doesn't want to go into details, but he knows they have retired officers that are armed. One of them was jumped at one of these meetings, and he thinks that's why the request came forward to have a uniformed officer. He asked what the motion on the floor was.

**ASSISTANT CITY CLERK TROBAUGH** stated the motion is to not approve their request.

**Motion was approved 4-1;** Mayor Wood – no.

**GENERAL ITEMS** - None

**CITY COUNCIL REPORTS**

15. **Mayor Jim Wood**

**MAYOR WOOD** announced the Day of the Dead (Dia del los Muertos) on Sunday at the Mission. Saturday, November 5<sup>th</sup> is the Heritage Park Fall Festival.

There is a new business in Oceanside, Discovery Isles Preschool on Oceanic Way, and the ribbon-cutting is November 2<sup>nd</sup>.

He sent birthday greetings to Bea Grush, who will be 100 years old on November 1<sup>st</sup>. He wished the Marine Corps a happy 236<sup>th</sup> birthday on November 7<sup>th</sup>.

Former Oceanside City Councilmember, John Casey, passed away in September of this year.

16. **Deputy Mayor Esther Sanchez**

**DEPUTY MAYOR SANCHEZ** asked to close the meeting in memory of Pete Magana, who passed away last Wednesday at 83. He was born in Oceanside in 1928 and graduated from Oceanside High, Class of 1947. He was very active in Oceanside throughout his life.

November 11<sup>th</sup> is Veteran's Day. She has agreed to be the Treasurer for a new veteran's support group, and they are going to be involved with the veteran's parade. The biggest issue for veterans is homelessness. She and the Mayor did a tour of the Oceanside Veteran's Clinic, which is involved in doing outreach for homeless veterans. There is a goal of ending homelessness for veterans by 2020.

Dia de los Muertos is Sunday, October 30<sup>th</sup> at the Mission. It's a traditional honoring of our loved ones who have passed on.

Next week the Coastal Commission is going to be meeting in Oceanside Wednesday through Friday, with a reception on Wednesday.

17. **Councilmember Gary Felien**

**COUNCILMEMBER FELIEN** attended the police swearing-in ceremony, and yesterday he attended the celebration for volunteer tutors for our library's adult literacy program. Adult literacy opens the door to improve lives.

He received an email that the El Camino Choir has had the honor of being invited to sing at the 70<sup>th</sup> anniversary remembrance that is taking place at Pearl Harbor. They are trying to raise money to accomplish that.

Last night he attended a Visit Oceanside event at 50 Barrels of Wine, who has their own winery in town.

On Saturday he and Councilmember Kern attended a pension seminar put together by the San Diego Taxpayers' Association. They learned everything there is to learn about pensions and suggestions for getting these costs under control.

18. **Councilmember Jack Feller**

**COUNCILMEMBER FELLER** attended Pete Magana's funeral as well. He attended the Hall of Fame induction at Oceanside High School on Saturday.

He offered well-wishes to Randy Mitchell for a speedy recovery.

19. **Councilmember Jerome Kern**

**COUNCILMEMBER KERN** announced the Small Business Forum on November 8<sup>th</sup>. It's a forum on how to do business in Oceanside. He thanked George Buell and Tracy Bohlen for putting it together.

On November 8<sup>th</sup> he will be attending the luncheon for the Veterans of the Year in San Diego. He will bring forward at the following Council meeting the Oceanside Veteran of the Year and Organization of the Year.

He was a judge at the Gentlemen's Gourmet. He also attended the San Diego Taxpayers' Association's seminar on pensions.

He attended Pete Magana's funeral as well.

[Recess was held from 4:52 PM to 5:08 PM]

**5:00 – ROLL CALL**

Mayor Wood reconvened the meeting at 5:08 PM. All Councilmembers were present.

**INVOCATION** – John Lundblad

**PLEDGE OF ALLEGIANCE** – Members of the Soccer Club of Oceanside

**PROCLAMATIONS AND PRESENTATIONS** –

Presentation – Mayor's Youth Sports Recognition and Appreciation Award  
Off agenda – Introduction of Major General Ronald Bailey, Commanding General of 1<sup>st</sup>  
Marine Division, Camp Pendleton

**Presentations were made**

**CLOSED SESSION REPORT**

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

**CITY ATTORNEY MULLEN** reported on the items discussed in Closed Session: Items 2, 3 and 4. [Item 1 was not discussed]

**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.

**Advance written request to reserve time to speak:** None

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

**KATHY KINANE**, 2987 Highland Drive, Carlsbad, is the race director for the 6<sup>th</sup> Annual Pacific Marine Credit Union Oceanside Turkey Trot. There is a free training program available on their web site. That event will host a 5-mile run through the Harbor. We're going to combine the two 5 K's, and we have 4 kids' races this year. The event benefits the Oceanside schools again this year and the Move Your Feet Before You Eat Foundation.

Last year we had 6,000 runners/walkers that participated. We had representatives from 39 states, 309 cities and five people from China. We've received a lot of national and international notoriety for the City on behalf of the Trot. Our goals for this year are to attract between 7,500 and 8,000 runners and close to 5,000 spectators. We have raised over \$86,000 in the past 5 years, and this year we hope to raise \$28,000 more, which will put us over \$100,000 in contributions in the past 6 years. Last year we had 75 schools and charities that serve Oceanside residents who received funds from the event.

Our goal is also to attract over 2,000 kids who are 17 years and under to the event. We were close to 1,400 last year. Each kid gets a backpack, a medal, a t-shirt and a free burrito, and \$5 goes back to their school. She showed a list sponsors and a race map and timeline.

**EILEEN TURK**, Neighborhood Services Division Manager, announced that the Friends of Oceanside Parks is co-sponsoring an event with the Parks & Recreation Department called Heritage Park Fall Festival Day on Saturday, November 5<sup>th</sup>.

**DOYLE FINLEY**, 217 Avenida Marguerita, wondered if the City could help him as his next door neighbor has a pile of junk in front of their house that they keep adding to. It's now 5' high and growing. He's been unable to get it moved out of sight.

**FRANCIS KAZERSKI**, 276 North El Camino Real, would like to convince the Council to pass a resolution because December 7<sup>th</sup> is the anniversary of Pearl Harbor. He talked about the timeline of Pearl Harbor and World War II. His father was a World War II veteran who is no longer with us. He asked the Council to consider December 7<sup>th</sup> as a day to honor the veterans in the City. We're a military community, and the gateway to Camp Pendleton.

**5:00 P.M. – PUBLIC HEARING ITEMS** – None

**MAYOR AND/OR COUNCILMEMBER ITEMS** - None

**CITY MANAGER ITEM**

22. **City Council: Quarterly Budget Update**

**PETER WEISS**, City Manager, stated in the past we would provide Council with a written quarterly financial update, which we provided a couple of weeks ago. Council's direction this past year with the budget was not only to provide that to you in memo format, but also to provide an update on the current status at a Council meeting. For the first quarter, things are tracking fairly reasonably compared to prior years. Because the majority of our revenues are cyclical, you'll see that the revenue projections don't track exactly, but as compared to prior years they are fairly typical.

**TERI FERRO**, Financial Services Director, used a computer graphic to show a snapshot of the amended budget for the General Fund. While the Council adopted the budget in June, since then there have been subsequent actions to continue with some appropriations from last year for projects that haven't been completed. There was an

appropriation of some committed reserves for the KOCT telecommunication grant and there was a funding for the referendum petition. As of September 30<sup>th</sup>, the revenues are at 13%. Typically, in September, the first quarter, we're anywhere between 11% and 14%.

On the expenditure side, we are at 25%, which is where we would expect to be. A graphic was used to show General Fund revenues. Typically taxes, especially property taxes, are not received until December so this is not an abnormality; it's what we would expect. There's always a month or two of sales tax in arrears. We are trending where we should be. All of the other revenues identified in the graphic show between 20-30%; we are okay on that.

On the expenditure side for each of the departments, we are not only looking at what they've actually spent to date, but any purchase orders or encumbrances that they have. A couple of departments appear to be a little higher than a 25% benchmark, but that is because they have put together some contracts and purchase orders to commit the funds for the entire year, but actual expenditures have not exceeded 25%.

A graphic was used to show another way of looking at the entire General Fund budget. It's broken down between personnel, maintenance and operation costs, debt service, etc. On personnel costs we're at 22%, and for maintenance and operations, where all of the purchase orders are tied up, we are where we expect to be.

There are some revenues that we are putting on cautionary watch. Some if it might be trending and some might be that the revenues haven't posted as of September 30<sup>th</sup>. They might have come in during October and didn't hit the quarterly benchmark. Some are reimbursements that we might not have invoiced for yet, but we have identified 8 revenue sources as being on cautionary watch. By the time we come back to Council in December, we'll have a really good handle of whether they are tracking well or not.

There is no recommended action at this time for the General Fund. What is being identified is in the Solid Waste Fund. Of the \$1,700,000 that's coming from Waste Management, that contract identified that the money doesn't start coming in until March. Unfortunately, we budgeted for a whole year so we're recommending that we reduce the revenue side. There is no impact to the operating budget because they already had a surplus. There's a \$150,000 reduction in the revenue, which is no impact to their budget. It gets the revenue in alignment with where we know we need to bring it.

#### Public input

**JIMMY KNOTT**, 127 Sherri Lane, finds this a little bit concerning but also positive. We're at least keeping more balanced than other communities. However, he is advocating for a global 10% reduction in wages from Council on down. Council could set the standard by doing it first and making it a goal for every bargaining unit. This would solve most of our budgetary problems for many years to come.

#### Public input concluded

**COUNCILMEMBER KERN** asked if the property management for the golf course reimbursement is really zero. Is that one of the things you talked about not posting or is there a problem here that we should be aware of?

**DOUG EDDOW**, Real Estate Manager, responded the golf course reimbursement is for water use at Center City Golf Course. At the beginning of a fiscal year, roughly \$120,000 is put into the account for the General Fund obligation. As the golf course starts generating revenue, it repays that \$120,000 for water bills. The water is directly billed to property management; it doesn't go to the golf course. Because of the seasonality of the golf course, more water is used in the hot summer months of July,

August and September, so more revenue is spent for that at the golf course. It's not set aside at that time, but if you look at last year, every penny gets reimbursed through the course of the fiscal year. That's what we anticipate for this year as well.

**COUNCILMEMBER KERN** stated there was a department that was at 49% of their expenditures. That seems extraordinarily high for maintenance and operations. He asked for an explanation as to why that's so high.

**CITY MANAGER WEISS** responded that generally in July and early August, all of the departments come forward with all of their purchase orders for over \$50,000, which accounts for the expenditures throughout the whole year. Therefore, the encumbrances show up here as being 49%.

**COUNCILMEMBER KERN** stated so it's not like they are actually obligated right now but it's budgeted.

**CITY MANAGER WEISS** responded the money is now encumbered, and in some cases it has not been spent.

**MS. FERRO** stated actual expenditures are only at 23% for maintenance and operations.

**COUNCILMEMBER KERN** stated the debt service being at zero seems a little odd, too.

**MS. FERRO** responded that is seasonal. A lot of debt service doesn't get paid until October and March, so for July, August and September you would not see any expenses.

#### **INTRODUCTION AND ADOPTION OF ORDINANCES**

The following items are ordinances for introduction or adoption by the City Council/HDB/CDC/OPFA. 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/OPFA 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/OPFA 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/OPFA or the public through submittal of a Request to Speak form prior to the commencement of this agenda item.

23. **City Council: Adoption of an ordinance of the City of Oceanside authorizing an amendment to the contract between the City Council of the City of Oceanside and the Board of Administration of the California Public Employees' Retirement System** *(introduced 10/12/11, 4-1 vote, Wood-no)*

**CITY MANAGER WEISS** clarified that this pertains to all miscellaneous employees and does not pertain to any of the safety employees – police and fire employees. Even though it notes in the staff report that it's effective 30 days after Council's adoption, the actual effective date will be the first full pay period. At this point in time, we are looking at December 11<sup>th</sup> as the point of transition, so any miscellaneous employees hired that will be starting work after December 11<sup>th</sup> would be subject to the second tier.

After titling of the Ordinance, **COUNCILMEMBER KERN** moved adoption of **Ordinance No. 11-OR0710-1**, "...authorizing an amendment to the contract between the City Council of the City of Oceanside and the Board of Administration of the California Public Employees' Retirement System".

October 26, 2011

Joint Meeting Minutes  
Council, HDB, CDC and OPFA

**COUNCILMEMBER FELIEN seconded the motion.**

**Motion was approved 4-1; Mayor Wood – no.**

**ADJOURNMENT**

After a moment of silence for Pete Magana and John Casey, **MAYOR WOOD** adjourned this joint meeting of the Oceanside City Council, Community Development Commission, Small Craft Harbor District Board of Directors and Oceanside Public Finance Authority at 5:50 PM on October 26, 2011, to a Council workshop at 3:00 PM on Tuesday, November 8, 2011.

**ACCEPTED BY COUNCIL/HDB/CDC/OPFA:**

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Barbara Riegel Wayne  
City Clerk, City of Oceanside



California

# CITY OF OCEANSIDE

## MAYOR AND COUNCIL WORKSHOP

NOVEMBER 8, 2011

**ADJOURNED MEETING                      3:00 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

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**City Manager**

Peter Weiss

**City Attorney**

John Mullen

The adjourned meeting of the Oceanside City Council was called to order at 3:02 PM, Tuesday, November 8, 2011. The Pledge of Allegiance was led by Financial Services Director Teri Ferro.

**ROLL CALL**

Present were Mayor Wood and Councilmembers Feller, Felien and Kern. Deputy Mayor Sanchez was absent. Also present were City Manager Weiss, City Attorney Mullen, City Treasurer Ernst and Assistant City Clerk Trobaugh.

**WORKSHOP ITEMS**

1. **Adoption of proposed City Council Policy 200-13, Financial Policies**

**MAYOR WOOD** recently sat down with the City Manager on the issues that he had concerns about, and he's satisfied that he got the answers that he needed.

**TERI FERRO**, Financial Services Director, stated the financial policies have been before the Council several times. In August we provided Council with a draft of what was being proposed. On October 12<sup>th</sup> there was a staff item on the agenda, which ultimately led to today's workshop. She has provided Council with a lot of back-up on the policies, as well as explaining what is currently in place. Her intent this afternoon is to briefly talk about the 10 items that are either being recommended for changes or are new items. Our financial policies are broken down into 4 categories having to do with the operating budget, fund balance, revenue policies and expenditure policies.

Within the operating budget, Policy OB-2, the first two bullet points are highlighting the status quo. These are practices we are already doing. What's being proposed here is allowing the City Manager to have the authority to increase a budget up to \$10,000 if there is one-time funding. An example would be we had sold some equipment in the library and raised \$435 of revenue and had to come to Council to request that budget increase. We thought, just for efficiencies, there should be a dollar limit that the City Manager can authorize.

Policy OB-3 for the budget, we talk about the status quo. What is being

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UNTIL APPROVED AT SUBSEQUENT  
MEETING BY CITY COUNCIL**

proposed as a new item is to identify whenever there is a use of fund balance in the reserves that it is specific for funding capital projects, capital assets or other one-time non-recurring expenditures.

Policy OB-5, in the event the City is unable to retain a balanced budget for a fiscal year, short term we use one-time use of fund balance, but the policy is proposing that if it's a long-term issue, we have to develop a strategic financial plan. That would be the new recommendation.

Policy OB-6, there was discussion at the October 12<sup>th</sup> Council meeting about this. The staff recommendation has been modified to show that, in the event that there is new ongoing projected revenues, 50% would be used to enhance the unassigned fund balance and 50% would be used to reduce long-term unfunded liability.

Policy OB-9 is actually new in its entirety. Basically, we realized that personnel is the largest expense of any city's operating budget. If there's an opportunity using technology, to improve services versus hiring personnel, that would take priority in the budget process and positions will be budgeted only in the operating funds. We do have capital projects; the thought is that positions will not be budgeted in capital; they can charge their time there, but they will not be budgeted there.

Policy FB-2 has to do with the Healthy Cities Reserve, and the Council policy has already been adopted. This just identifies a repayment plan. The current policy doesn't identify a mechanism and, in the event that the Healthy Cities Reserve falls below 12% of the General Fund operating budget, there would be a repayment over a 3-year period.

Policy FB-4 talks about an economic stabilization reserve. Currently the Council has been approving for the last several years an economic stabilization reserve in the event the State takes away our money or delays payment. A couple of years ago they said they weren't going to pay us our gas tax for 9 months, so we had to float that cost. Currently that reserve fund is a dollar amount established each budget year. What is being proposed is to make it 3% of the budget, rather than a specific dollar amount.

Policy FB-7 is a new policy that plans for the future. When you look at the City's fund balance, we have non-spendable funds. That would be money that's tied up in assets or land, so that doesn't count. We have money that might be restricted because of legal constraints; the Fed said you can't use this money for any other purpose. Everything else is considered unrestricted. In the event that the fund balance for the unrestricted portion exceeds 30% of annual revenues, so if you have revenues of \$100,000,000 and the fund balance exceeds \$30,000,000, the Council may declare that surplus as the ability to pay down some debt or future liability.

Policy FB-8 is a new one. Post-employment leave reserve fund; we do not have this in place right now. The City government's activities have close to \$11,000,000 of unfunded liability of accrued leave time for all of the City's employees. That includes vacation, sick leave and comp time. In the past it really hasn't been an issue. As long as the money was coming in and the budget was going good, we've been able to absorb that cost. But over the last several years, we've had a lot of retirement and a lot of people leaving because with budget cuts there have been lay-offs. So employees, on their last paycheck, get their compensated absences. For the last fiscal year, 2011, we had about 40 employees. A lot of them were long-time employees and had large leave balances, so the City paid out almost \$800,000 in leave absences. It was not an item that we budgeted for, so it came out of reserves. In trying to plan ahead, it is her recommendation that we set up a reserve fund for this purpose and the amount she is recommending is 8% of what's on the books right now. There's some flexibility in what that amount could be, but you're either paying now or you're paying later because it is a legal obligation to pay those employees when they leave. If you don't budget for it, then the money's got to come from somewhere.

Policy RE-5 is also a new policy which basically discusses that one-time revenues be used for one-time expenses; debt reduction or reserve enhancement. The proposal is not to use one-time dollars to fund ongoing expenditures. If the Council as part of the budget wants to utilize one-time dollars for a limited duration to fund operating expenses, it must be fully disclosed.

That is the extent of the new policies that are going before the Council. Council was provided in your handout with a very extensive listing on the back of all of the City's unfunded debt and liabilities as of June 30, 2010. The area that is really of concern is not the City's long-term debt as far as bonds, tax increment bonds or certificates of participation. Those are all debts that are specifically being issued to construct facilities and build roads and bridges. If you think of it on a personal level, if you have money to buy a house then you aren't going to go out and get a mortgage. In the City's case, we didn't have the money to buy City Hall so we issued bonds to build it. Those long-term debts have a structured payment plan. They are listed on the City's financial statements as debt but that's not the area she is concerned about. She's concerned about the other liabilities that seem to creep up; some are funded, and some are not. We have workers' compensation and general liability fund claims that are out there. The good news is that the City is almost 100% funded on them; in one case, we're actually over-funded. In the event that every single claim were to come to fruition, we have the funds to pay them off.

Regarding compensated absences, that's where we have about \$11,000,000 of compensated absences, and they are not funded at all. Council Policy FB-8 would attempt to mitigate some of those issues. We have pension liabilities with PERS, which are always a concern with people. Fortunately, we are over 80% funded in those areas. The numbers that are unfunded look very big and scary, but if you look at the plan as a whole we are over 80% funded. However, if the Council adopts these policies, through Policy OB-6, we can attempt to reduce the unfunded liability for the pension as well.

The last two items are the health plans for the retirees. The City's plan calls for the retirees to pay their portion, but there is still an implicit subsidy and a small cost to the City to provide that benefit. Policy EX-7 would address that one as well.

#### Public input

**KYLE KRAHAL-FROLANDER**, 570 Hidden Canyon Way, stated OB-6, which is the one that was changed, is where when revenues exceed expenditures, the money is going to go to savings and our long-term liabilities. That sounds like prudent fiscal planning. Unfortunately, staff's original recommendation included also trying to backfill some of the programs that Council has cut over the last few years. He doesn't understand why we would want to sacrifice our City's quality of life, not just now but into the future, based on what Council is trying to do against staff's recommendations. We need to go back and backfill the programs. Council has closed parks, libraries and pools, and you're closing a fire station soon. You really need to focus on growth. All you've been doing is focusing on cuts, and what we need is a focus on growth that brings in revenue, not just for those on the dais, but also for the City. Your full-time job as Councilmembers is to bring in and start up new businesses. The small business forum today was a good start, but you need to be out there in places outside of Oceanside trying to bring other cities' businesses into our city. He urged Council to start focusing on growth and not just cuts.

**JIMMY KNOTT**, 127 Sherri Lane, stated this plan eliminates a lot of flexibility for future Councils. In the past, Councils were very hesitant in doing this, and he urged Council to think about it. How many reserve funds are necessary? This has been asked by past Councils, and they decided as few as possible. When will the triggers ever be in place for a tax? It is glaringly absent in this report. There is no structure to bring forth a tax necessity. There is also nothing in this report about asset management. When you have liabilities on one side, you have assets on the other. You have income with the liabilities, and they balance out. You need to also consider other retirement options.

The compensated absences were budgeted for in the past. Where are those funds from each department? Comp time should be used; it should be mandated.

**DONNA MCGINTY**, 2405 Mesa Drive, has taken the liberty of meeting with Ms. Ferro to get information on what this information really means, especially the retirement information. She believes the public safety issue of 70% of the General Fund budget is something that needs to be brought back to the table and renegotiated. The public safety people are aware that it needs to change, and they see it coming.

Regarding social services, parents are going to have to get more involved with their own children and the schools and do some more volunteering. They're going to have to wait until things heal a bit before they can expect any more grand social services presentations. Previous Councils in this City have handed you the decision that you're about to make. The changes that have to be made are in your best interests as representatives of us and doing what has to be done to negotiate the costs of contracts that have been negotiated a long time ago. She's a pretty good auditor, and if she had her way, she'd declare you all bankrupt.

**LLOYD PROSSER**, 1618 Kurtz Street, stated from what he's heard concerning these policies, they are reasonable and prudent. It's a good first step. Policies are not regulations, laws or ordinances. They are something to help guide you as we move forward and you spend money. The only thing he sees missing here that concerns him is the Enterprise Fund side of this. The policies that have been presented today are for the General Fund, but we also have some pretty big money out there in Enterprise Funds, specifically the Water Utility Department and the Harbor District.

With regard to Enterprise Funds, when he chaired the Budget Committee for the Utilities Commission for a number of years, one of the things that was constantly brought up was interfund charges. These funds that are brought out of the Enterprise into the General Fund through interfund charges leave an opening that can be abused. He would suggest that as a Phase II in this policy development process, policies be developed for the Water Utility and Harbor Enterprises and specifically policies around the use of the interfund transfer process.

Public input concluded

**MAYOR WOOD** was basically in favor of these recommendations. He had some issues on a couple of them, and that's why he asked for more time and a workshop. Since then, he's talked to staff, and he would support this as it stands now. His main concern is that we have some flexibility in trying to deal with the City and the economics. He is concerned about employee lay-offs. This City's real goal is to provide services, and without people that's hard to do. He's concerned that we still keep our services that are a necessity, with public safety being up front. He agrees with a lot of these issues, but he's mainly concerned about new money that comes in and where it can be used. He talked to the City Manager and told him that his concern is that the City moves in a good direction, how the money is used, one-time use of money, etc. What he didn't want to do is try to do the City Manager's job. We sit up here as oversight, but the City Manager and City Attorney hire people and provide those services. The more he talked to staff and got the information he needed, he was more in tuned to say this has a little bit of flexibility and this and future Councils do have a say-so on what can and can't be done with finances.

He **moved** to approve this as presented by the City Manager and the Financial Services Director.

**COUNCILMEMBER FELLER** seconded the motion. RE-5 says start-up costs of new programs. Could that be resuming old programs?

**CITY MANAGER WEISS** responded if the Council so determines, then yes.

**COUNCILMEMBER FELLER** asked if when we have new revenues from growth, we would be able to enhance the unassigned fund balance, which is essentially reinstating programs if so desired.

**CITY MANAGER WEISS** responded yes.

**COUNCILMEMBER FELLER** had a question on OB-9, but we would have to review that as another issue later on as a Phase II for Enterprise Funds, is that correct?

**CITY MANAGER WEISS** responded if you wanted to look at additional or new policies for those Enterprise Funds, yes, that would have to be a separate undertaking. However, a number of these do apply to that. The way the interfund charges are calculated, we do have processes in place that are cost recovery; they are not meant to provide additional revenue to the General Fund.

**COUNCILMEMBER KERN**, in responding to Mr. Frolander's comments, stated we are focusing on growth. The small business forum today is something he worked on. He has had a meeting about bringing the Innovation Cluster down the corridor and he's met with the Presidents of the college and Connect. So, there are people working on that. Right now we have to bring our expenses and financial policies under control. These are policies; they do not bind any future policies by future Councils. They can have a meeting and change those policies. He doesn't see a future Council wanting to have an unbalanced budget or running a deficit, and most of these policies are prudent.

These policies send a clear message to staff of what the policy board wants to see out of the budget process, and it sends a clear signal to the financial markets that this Council is going to follow prudent financial practices. So, if we have to go out into those financial markets for whatever reason, they're going to look at these policies before they start underwriting bonds. Having financial policies in place may save 1/10 or 2/10 of a percentage point. When you're talking about hundreds of millions of dollars, that's a lot of money. Just having these in place sends a message that we are getting a handle on what we need to do. That's why we need to establish clear financial policies.

Regarding Ms. McGinty's comment that this is in Council's interest, this is not in our interest, it's in the City's best interest and the taxpayers' best interest. This is not the Council wanting to do something different, this is the Council needing to do something different so we can send those signals. It's not about us on the dais, it's about how we move forward in the future and signal to the communities out there that we are making sound financial planning.

Regarding Mr. Prosser's idea about the Enterprise Funds and the Harbor District, those need to be reviewed also. All of those will need to go out into the financial market sometime now or in the future, and we have to make sure that what applies here also applies there. We do not charge the Harbor District or the Enterprise Funds any more per square foot than we charge any other department, so it's all equal.

**CITY MANAGER WEISS** responded that's correct. Although you do not have a Council policy, we do have detailed administrative directives that deal with the interfund charges that are available. If the Council or the community would like a copy of those, we will make them available. They specifically address how those interfund charges, which pay for our admin costs, are calculated. Those are set and in writing, but it's an administrative directive and not a Council policy.

**COUNCILMEMBER KERN** explained an interfund charge is where we have City space that we have the Water Department in, and the Water Department actually rents that space from the City. Part of what the interfund charge pays for is every Council meeting we each get \$50 when we sit as the Harbor Board. The Harbor District pays for that \$50. He is in agreement with and would like to adopt staff's recommendations, but he has some exceptions he'd like to put in there.

Regarding OB-7, when funding expires for a grant-funded position, that position has to be eliminated. A request to maintain that affected position will require identifying a funding for that position and approval by the Council. In the past, the funding goes away on the grants and then we keep the position and end up picking it up with the General Fund or some other source. We cannot continue to do that.

Also, he'd like to revisit EX-7 and direct staff to return to the Council in 30 days with recommendations. That's the post-employment benefit, and he'd like to explore that more and have Ms. Ferro come back with some ideas of what we can do with that one. That is going to be the big one.

Those are the only 2 exceptions he has to this. He will leave it up to Council if they want to do that. He can only support it with those exceptions.

**COUNCILMEMBER FELIEN** is glad the opportunity to have the workshop has given the Mayor the time to discuss these complicated issues with City staff and get more comfortable. He's been convinced from the beginning that good accounting should be a 5-0 vote. It should not be something that's controversial and the idea that good accounting hinges on one vote in the Council would send a horrible message to the business and investment communities. We're making good solid progress.

In terms of the revisions that Councilmember Kern suggested, he supports his amendment on OB-7 and would urge the maker and second of the motion to incorporate a friendly amendment.

On OB-2, where it's discussing the City Manager having the authority to transfer monies appropriate from the same fund to the same department, providing the total amount within the fund is not changed, he would like to add that any amount above \$25,000 is sent to the Council as a Consent Calendar item.

FB-8 deals with our \$11,000,000 of unfunded liability. Addressing comments that were made that these items had been budgeted before and where did the money go, the exact problem is that they had not been budgeted before. The simple explanation is that if someone is entitled to 2 weeks' vacation per year and they don't take that 2 weeks, at the end of the year you've had 54 weeks of expense and not 52 weeks of expense. So the City has been booking the 52 weeks of expense, while this vacation has been accruing by employees by 2 weeks at a time. We've now come to \$10,000,000. We now have to recognize that expense.

It's important to understand that in the past these items weren't considered material. Best use and practices change in professions, including accounting, and pay-as-you-go was an acceptable method. It's what most of us use to fill out our federal income taxes. Corporate accounting went through this reform process where we recognized that you needed to properly accrue all of your expenses so you had revenues and expenses for the correct periods being compared so that investors would have an accurate view of the accounting in your companies. Taxpayers deserve the same thing from their municipal governments. What was acceptable in the past is recognized to not be acceptable in the future because these liabilities are growing so large and so quick. It's like buying presents for under the Christmas tree and saying you had no expenses for Christmas because the bill doesn't come until January. That's what's been going on with government for too long, and it needs to stop.

It's like what we see in Sacramento all the time where in order to balance the budget one year, the June 30<sup>th</sup> payroll was pushed back to July 1<sup>st</sup> and they claimed the budget was balanced. Under an accrual system, you can't get away with those kinds of gimmicks because whether you pay the payroll or not, the expense is accrued. Whether the cash goes out in June or July, the expense and liability is already recognized. So, in a simple form that's exactly what these financial procedures are meant to recognize and implement for the City. It's prudent practice.

He talked to Ms. Ferro earlier on this and he would like to suggest a different approach where it states "The amount will be based on 8% of the prior year's compensated absences balance for governmental activities as identified in the Comprehensive Annual Financial Report". He'd like to suggest a procedure where we basically create a vacation liability account. Starting in July of 2012, we would post all earned vacation into the vacation liability account as a credit, and then the payroll or vacation expense is recognized as a debit. All used vacation, as they are used, whether it's from the unaccrued portion or the newly accrued portion, is posted to the vacation liability account as a debit, and the cash is credited. That then leaves the issue of how to slowly phase out the unfunded liability that's accrued up to \$10,000,000. He'd suggest that we expense a fixed amount per year, and he's going to be asking for advice as to what that amount should be, and post that as a credit to the vacation liability until the entire unfunded liability for compensated absences is recognized. This amount will be reviewed annually to see if the amount is correct, so that we're slowly working down the total unfunded liability to where we get to zero and fully bring on to the balance sheet all of the vacation that's been earned.

You discussed the fact that we've been hit by \$800,000 in people wanting to use up their vacation or as they retire they are collecting all of their accrued vacation. Does that amount vary much? If, for example, we picked \$1,000,000 per year to accrue and start working this down, would that be reasonable or is there a good chance we could overshoot that and people would use \$1,200,000 of vacation but we're only accruing \$1,000,000?

**MS. FERRO** would have to look at previous annual financial reports to see how much over/under we've done. It just came to light in 2011 with all of the lay-offs and retirees. It was a significant amount. We just need to get started somewhere. She likes the idea of looking at this annually, but she doesn't have what the magic formula is. She would have to do some analytical work on it.

**COUNCILMEMBER FELIEN** decided to insert \$1,000,000 as a round number, and we'll start from there.

Going to item EX-7, he suggested the same approach be used and the amounts dealing with that are just over \$1,000,000. Basically the same process could be set up for the health plans and slowly bring onto the balance sheet those unfunded liabilities, rather than stick with the pay-as-you-go because the same procedure will work for both situations. As long as we have Council consensus, that is the direction it will go. It provides a simple way for the City to post this because we then aren't having an issue with whether it's the accrued vacation or the unaccrued vacation. It provides a procedure that works in all situations so you avoid mistakes. The more complex it gets, the higher likelihood you have of mistakes being made.

There are a couple of other procedures he would like to have incorporated. One is that, when we have outsourcing, any analysis by the City makes sure that the unfunded CalPERS liability is allocated to the City costs when comparing to private sector alternatives. Otherwise, we're not having an apples-to-apples comparison.

The other issue is to make sure we have a policy where we provide line-item detail for the temp/part-time budget, the extra hourly help, so we have specific positions and estimated salaries that justify those line-items.

**MAYOR WOOD** as the maker of the motion, asked the City Attorney if on some of these items that are MOU items with labor groups, how much of these can be addressed without having us get into a legal situation.

**CITY ATTORNEY MULLEN** understands the recommendation from the Councilmember was how to budget for that unfunded liability, and that would not affect the employee's ability to be paid off. They'd still be entitled to the accrued leave that they have upon separation. There are caps in place under the existing MOU's and

personnel rules. Right now it's at 240 hours for most employees. This wouldn't affect that.

**MAYOR WOOD** stated the City Manager and Financial Services Director came up with these new rules so obviously you wanted them. Now there are potential changes to them so he asked the City Manager to address those changes.

**CITY MANAGER WEISS** responded there was an issue with regards to grant-funded positions that once the grant expires the position is automatically eliminated. When we hire provisional employees that are specific to a grant, either at the time of completion of the project or the grant expiring, those positions do go away. He's not aware of any grant-funded positions that stay on after the fact, but there may be some. If we wanted to add that to the policy, he doesn't see that as a significant issue.

Regarding OB-2, to do a Consent item is still a staff report that would get prepared to go to Council. If you want it as a full staff report at Council, whether it's Consent or not, the general public can pull it. It would be a formal staff report item.

**MS. FERRO** suggested that since we are doing quarterly presentations to the Council, maybe once a quarter we bring forth the changes for the last quarter. She asks if Council wants to see them every time they happen, which could be much more frequent.

**COUNCILMEMBER FELIEN** responded a quarterly review would be acceptable to him. He just wants any large items to be brought up to public review at some point so it can incorporate everyone's view on whether or not the City is being efficiently run.

**CITY MANAGER WEISS** addressed FB-8, in regards to creating some type of a fund, stating last year was an anomaly. Generally when people do leave on their own, most employees have a vacation accrual cap of 240 hours. To completely eliminate it would require us to eliminate the ability to accrue time through the MOU and meet and confer process. For most employees, when they leave, the payouts are not that significant, and we generally hold those positions open until such a time as the payout is recovered. The exception to that is generally in the public safety positions, and those are actually higher payouts. In the past, although it has not been budgeted, it has not been a significant issue. With the number of lay-offs we had last year and the number of retirements, particularly with high-ranking public safety officials, there was a significant expense. If it is Council's intention to create a separate fund to pay for that, it certainly is prudent to do that. However, he wants to make sure Council understands that right now the departments all recognize that if someone leaves they have to find a way to cover those costs. His intention, if Council creates a separate fund, is to not change that with those departments. They still would need to find a way to cover those costs because regardless of how you fund it, you're going to have to replace it as people draw that money down. The expectation right now with the departments is that they will find a way internally to cover those costs. Many times that means leaving those positions vacant for some period of time.

Regarding EX-7, the only post-employment benefits that we provide are with OFA because they remain with PERS. We provide no other actual subsidy for post-employment healthcare for any of our employees. What we do provide is that retired employees are allowed to continue to purchase the health insurance through the City at the City's cost, but they pay the entire premium. As a result, because generally retired employees are older and have a higher usage rate of medical care, there is an implicit subsidy associated with that. It is that implicit subsidy that Ms. Ferro mentioned is the unfunded liability. There is no actual unfunded liability. We do not have a cost that we are paying because it is paid as a result of a blended pool. All of our retirees are blended with the existing active employees in a pool in regards to healthcare.

As a result of other discussions on healthcare that the Council has had over the last several months, we have asked our insurance broker to look at unblending those

rates. In other words, as retirees retire, the rates that they would pay would no longer be the same rates that active employees pay; they would be adjusted based on their age and the actuarials associated with their age. That would reduce the City's implicit subsidy. We do not have those results from the insurance broker, but we expect them within the next couple of months.

The other option is to completely eliminate retirees from being able to purchase health insurance on the City's policy. We are looking at that as an option as well. It is highly likely that just to completely eliminate it would require us to meet and confer with the various affected bargaining units. The only other exception is Fire. Once we get the modified rates from the insurance broker, we will be updating the Council. We have a draft memo already; we're just waiting for those rates to be able to give you some recommendations.

Regarding OB-7, if you want to add language about grant-funded positions going away when the grant expires, that's fine; we have no issue with that.

**MAYOR WOOD** doesn't mind the quarterly reporting for the one item. The other ones he is concerned about because they are impacting the City. That's why he wanted to sit down with the City Manager and find out some of these concerns before he voted on them. That's why he wanted the workshop. Now that we're here, on some of these issues the City Manager has pretty well covered why he's doing it and maybe answered some of your questions. He would be okay with the change that was for quarterly input back to Council, but other than that, his motion would remain the same.

**COUNCILMEMBER FELIEN** thinks there may be some confusion regarding what he's trying to accomplish here. In terms of the procedure he outlined, his understanding is that it wouldn't impact how anything is done as far as each department having to account for their vacations and cover for absences; it's simply a way to set up a waterfall procedure that allows for a clean set of accounting entries. It's basically a way of how we're posting some accounting entries to recognize these amounts. The goal that he wants to be certain to accomplish, and he's open to suggestions, is that the \$11,000,000 of unrecognized expenses gets moved onto the balance sheet over a period of time. There are different ways that can be done. He's suggested a simple way to post these expenses and slowly have them wash out, based on his having to do similar things for several decades. This will work very clean. It probably sounds a lot more complicated than it is. He never heard back from Ms. Ferro as to whether she thinks this is an efficient procedure to implement and if it would work for both EX-7 and FS-8.

**MS. FERRO** clarified that the compensated absences for all of the Enterprise Funds - water, sewer, Harbor, etc. - because they are business operations, they fully fund their compensated absences. So each year it's not necessarily a budget item, but at the end of the year we look to see what's been on the books and how much more the employees have earned, less used, and the difference becomes an expense to their department. The good news is on the Enterprise Funds, they are fully funded. In government accounting, that's not the practice, and over time it's built up to \$11,000,000.

She's looking at 2010 information because she doesn't have 2011 information. In 2010 all employees that work for government, except the Enterprise, earned \$3,000,000 worth of compensated absences. They used \$3,800,000. As an employee she might earn 2 weeks, maybe she's only taken 8 days and is carrying her other sick days to next year. We know an employee can earn 2 weeks a year, and we can budget for that; however it's difficult to know what they will use. There is no current mandate saying they must use the 2 weeks, so therefore they can carry it forward.

She mentioned earlier that if Council wants to see how much we've been drawing down over time, she'd have to do an analysis from several years of this. If your recommendation is the 8% that she's recommending, which is basically setting a

benchmark, and then adding to that incrementally each year, she doesn't have information to provide you with what the dollar amount would be. She could come back with that, unless you just want to say it's \$1,000,000.

**MAYOR WOOD** stated this is confusing and complicated. He would recommend that this item come back to Council. He thought some of these were MOU items that can really cause us some grief in MOU contracts and lawsuits. He's not trying to change anyone's mind, but this is a complicated issue.

**COUNCILMEMBER FELEIN** stated if the consensus is there, we can have Ms. Ferro come back in 30 days on FB-8 and EX-7 with a plan to fully recognize the unfunded liabilities over a period of time. His goal is to make sure this all gets put onto the balance sheet and that it's recognized. He would certainly vote on moving the package forward today. If these 2 issues still need to be chewed on a little more, then he's happy to bring those back. He asked if the maker of the motion and the second are happy with a friendly amendment that will bring FB-8 and EX-7 back in 30 days with a plan to recognize the entire unfunded liability over a period of time.

**MAYOR WOOD** thinks that's fine.

**COUNCILMEMBER KERN** stated there is some other thing in play that we're not in control of, and that's the report from the insurance company. Do we have a timeline on that? Would 30 days be sufficient time?

**CITY MANAGER WEISS** doesn't have a timeline from the insurance broker at this point. They're going to have to rerun all of the various actuarial data to be able to quote us insurance costs for an unblended or totally isolated pool.

**MAYOR WOOD** would like that too. One way that the City benefits from retirees is that it makes our pool bigger in order to get a better rate. But also older people are part of that pool, so he doesn't know how that would come back.

**COUNCILMEMBER KERN** stated when you're 22 years old and you're paying an insurance rate blended with somebody that's 75 or 80 years old, then your rates are going to be higher. This may be something that the bargaining units want to think about. Maybe unbundling the pool is something the bargaining units would want to do.

**MAYOR WOOD** doesn't mind having those come back at a later date and time.

**COUNCILMEMBER KERN** stated the motion would be to bring back EX-7 at a time when we have all of the information, not necessarily 30 days, but when we get all of the information.

**CITY MANAGER WEISS** stated if Council would like, we can provide additional information within 30 days. We will bring it back to you in a formal setting as soon as we have all of the information and data. You're adopting this policy today, whether you 100% agree or not, is not going to affect what we're going to be doing next year.

**COUNCILMEMBER KERN** responded we're just going to revisit this at an appropriate time. He doesn't want to put an artificial timeline on it and have it come back in 30 days if nothing has happened. He would prefer not to waste everybody's time and come back when we have the information that we can actually act on. He is only talking about EX-7.

On OB-7, it sounds like that is kind of our unwritten policy now as far as grant-position funding. The only thing he's requesting is that we put it in writing.

**CITY MANAGER WEISS** responded we will. The Mayor's amended motion was to adopt the policies as presented, but add language to OB-7 that positions that are grant-funded automatically are provisional and will go away with the expiration of the

grant; modify OB-2 that as part of the quarterly updates to the Council, any changes that are greater than \$25,000 that are approved administratively, will be presented as part of the quarterly update; and bring back FB-8 and EX-7.

**COUNCILMEMBER FELLER** asked Ms. Ferro if she concurs with the issues that have been brought up on FB-8 and EX-7.

**MS. FERRO** understands on FB-8 what is trying to be accomplished, she's just not comfortable with providing the data yet. She will be able to bring that back with a little more analysis. As far as EX-7, she has a lot more understanding of the OFA portion and, if it weren't for the timing, she probably would have had a different recommendation. So, yes, she plans on bringing that back as well.

**COUNCILMEMBER FELLER** as the **second concurred** with the changes to the motion.

**Motion was approved 4-0;** Deputy Mayor Sanchez – absent.

**COUNCILMEMBER FELIEN** wants to make sure that we have a vote and incorporate into the financial procedures that we create a policy that, when doing analysis and comparing outsourcing costs to internal costs, we make sure the internal costs of City services include an allocation of the CalPERS unfunded liability, and he also wants to make sure that we provide line-item detail for the extra hourly help in the budget.

**COUNCILMEMBER KERN** stated that's just gathering information before we outsource to find out what our true costs are.

**CITY ATTORNEY MULLEN** asked if that is related to an existing policy that we've already noticed. If that's not on one of the existing policies he would recommend that we bring that back at the next Council meeting for adoption, since it hasn't been agendized.

**MAYOR WOOD** responded that would have to come back because it wasn't on this agenda.

**CITY ATTORNEY MULLEN** stated we could bring this back perhaps at the November 30<sup>th</sup> meeting.

**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.

**Advance written request to reserve time to speak:** None

2. **Communications from the public regarding items not on this agenda** - None

**ADJOURNMENT**

**MAYOR WOOD** adjourned this adjourned meeting at 4:10 PM on Tuesday, November 8, 2011. [The next regularly scheduled meeting is Wednesday, November 9, 2011, at 2:00 PM].

**ACCEPTED BY COUNCIL:**

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Barbara Riegel Wayne  
City Clerk, City of Oceanside

