



California

CITY OF OCEANSIDE

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

DECEMBER 14, 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

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 2:04 PM, December 14, 2011.

2:00 PM - ROLL CALL

Present were Mayor Wood and Councilmembers Kern, Feller and Felien. Deputy

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

December 14, 2011

Joint Meeting Minutes
Council, HDB, CDC and OPFA

Mayor Sanchez arrived at 2:12 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 1, 2C) and 2D). [Items 2A) and 2B) were not heard]

[Closed Session and recess were held from 2:05 PM to 4:04 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

OFA discussed; no reportable action

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

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

A) [Larson v. AMSI Corporation, et al. Superior Court Case No. 37-2011-00055541-CU-BC-NC]

Closed session not held; continued to January 4, 2012

B) [Bay City Equipment Industries v. AMSI Corporation, et al. Superior Court Case No. 37-2011-00057381-CU-BC-NC]

Closed session not held; continued to January 4, 2012

C) Dunex v. City of Oceanside, Superior Court Case No. 37-2010-00061745-CU-EI-NC

Items discussed; no reportable action

D) Dunex, Inc. et al. v. City of Oceanside, et al. U.S. District Court Case No. 10 cv 1478 JLS CAB

Items discussed; no reportable action

4:00 PM – ROLL CALL

MAYOR WOOD reconvened the meeting at 4:04 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 3-11]

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 there are 2 requests to speak from the public on Item 5.

COUNCILMEMBER FELIEN requested that Item 11 be pulled for discussion.

DEPUTY MAYOR SANCHEZ requested that Item 10 be pulled for discussion.

The following Consent Calendar items were submitted for approval:

3. City Council/Harbor/CDC/OPFA: Acceptance of Joint Minutes of the Small Craft Harbor District Board of Directors, Community Development Commission, City Council, and Oceanside Public Financing Authority of the September 28, 2011, 2:00 p.m. Regular Meeting
4. 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)
5. **Removed from Consent Calendar for discussion – Public**
6. City Council: Approval of Change Orders 1 through 13 [**Document No. 11-D0771-1 Change Order 01; Document No. 11-D0772-1 Change Order 02; Document No. 11-D0773-1 Change Order 03; Document No. 11-D0774-1 Change Order 04; Document No. 11-D0775-1 Change Order 05; Document No. 11-D0776-1 Change Order 06; Document No. 11-D0777-1 Change Order 07; Document No. 11-D0778-1 Change Order 08; Document No. 11-D0779-1 Change Order 09; Document No. 11-D0780-1 Change Order 10; Document No. 11-D0781-1 Change Order 11; Document No. 11-D0782-1 Change Order 12; and Document No. 11-D0783-1 Change Order 13**] in amounts totaling \$64,289.76 to Good and Roberts, Inc., of Vista for the Harbor Lot 11B Restroom Project, and authorization for the City Engineer to execute the change orders; and acceptance of the improvements constructed by Good and Roberts, and authorization for the City Clerk to file the Notice of Completion [**Document No. 11-D0784-1**] with the San Diego County Recorder
7. City Council: Approval of a professional services agreement [**Document No. 11-D0785-1**] with Doherty Concrete of Oceanside in an amount not to exceed \$26,750 for the construction of a new, heavy-debris dumping facility for the Vector trucks at the San Luis Rey Wastewater Treatment Plant, and authorization for the City Manager to execute the agreement
8. City Council: Approval of a professional services agreement [**Document No. 11-D0786-1**] with Geoscience Support Services, Incorporated, of Claremont in the amount of \$14,900 for geohydrologic services related to the evaluation of the impact to the Mission Basin from extractions by others, and authorization for the City Manager to execute the agreement
9. City Council: Approval of a professional services agreement [**Document No. 11-D0787-1**] with Infrastructure Engineering Corporation of Oceanside in the amount of \$24,582 for the Buena Vista Pump Station Levee Repair Design Services project, and authorization for the City Manager to execute the agreement
10. **Removed from Consent Calendar for discussion – Council**
11. **Removed from Consent Calendar for discussion – Council**

DEPUTY MAYOR SANCHEZ moved approval of the balance of the Consent

Calendar [Items 3, 4 and 6-9].

COUNCILMEMBER KERN seconded the motion.

Motion was approved 5-0.

Items removed from Consent Calendar for discussion

5. **City Council: Approval of the plans and specifications for the installation of traffic signals on Oceanside Boulevard at Camelot Street, Cannon Road at Shadowridge Drive, and Rancho Del Oro Drive at Cameo Drive; and for traffic signal modification on Mission Avenue at Douglas Drive; and authorization for the City Engineer to call for bids**

JOAN BRUBAKER, 1606 Hackamore Road, was surprised to see this item [Rancho del Oro at Cameo] on the agenda because when this was brought up several months ago it was pointed out that the signals didn't really seem to be needed; there weren't that many coagulations of traffic. Also, there was the expense of putting it in, although at that point it had already been put in, plus its \$4,000 per year to operate it. These signals aren't always reliable either. There was a signal out by her in Jeffries Ranch that would be out for months, and then it would be replaced and last for 4 days. With the budget so stressed, and how we keep hearing about these unfunded liabilities that we must do something about, how can we entertain putting in things like this that are going to cost the City money. It has been previously asked that the City not do this as it doesn't seem to be needed by the people who inhabit and frequent the area. It doesn't seem like a good idea to spend that much money at this time.

SUSIE COKER, 2126 Sorrento Drive, lives on Rancho del Oro Road and is here to talk about an intersection that is not broken. At the most, at the intersection of Cameo and Rancho del Oro, it takes approximately 10 seconds to get through that light. The only time she's seen it take 11 seconds is when the train has gone by and the arms have come down and held up traffic for a little bit. This intersection is not broken, and the light is going to cost \$5,000. Over 20 years, it will cost \$100,000, and you're going to force the VA to pay for half of it. We have much more critical and wanted signal lights and intersections in this City that need attention. To waste money in these economic times when we are so desperate is an insult to the whole City and to our veterans for an unnecessary requirement. This intersection is at the bottom of 2 hills so there is an automatic speed-up by cars as they come down from both sides to this intersection. A stop sign makes them stop. We've never had a bad accident or even a close accident that she's aware of at this intersection. It's safe, smooth and easy. This should be reconsidered.

DEPUTY MAYOR SANCHEZ agrees with Ms. Coker. We should delete the Rancho del Oro Drive/Cameo Drive traffic light. It's a waste of \$175,000 that could go to a different light. She believes that the City has actually put up half of that amount, and the Veteran's Clinic put up the other half. On top of that, it's \$5,000 per year in maintenance, so in a 20-year period that's \$100,000. That's a hit to the City that we don't necessarily need during these economic times when we have much more critical parts of the City that do need a light because there are public safety issues rather than to put in a light because of some future need that doesn't exist now. She doesn't know how this traffic light got to the top of the list, simply because a developer was willing to pay for half. This is part of an old project with an interchange that was never going to get any federal funding and was never going to happen. It was a lot of wishful thinking and promises that were never going to be kept to the citizens of Oceanside. She will be voting no.

COUNCILMEMBER KERN asked regarding the Mission Avenue/Douglas Drive modification, what way we are talking about. The biggest issue he sees out there is Douglas Drive at Highway 76, that left turn from Douglas Drive to go east on Highway

76. Sometimes in the morning that is backed up all the way to Mission. He'd like to see that addressed, but that's probably part of Caltrans.

DAVID DIPIERRO, City Traffic Engineer, responded regarding the intersection of Douglas Drive and Mission Avenue, that's actually signal modification that we're looking at improving. What is out there today is called a split phase, which basically allows one direction to go at a time, so right now if you're on Douglas going northbound, only the northbound direction goes and then the southbound direction comes up. When we time a signal like that, we usually don't have enough time to allow all of the movements to go. In the through direction, we limit the amount of time that they have to go north, so it backs up to Highway 76 during some of the peak hours. So, now we're going to an 8-phase signal and we're introducing exclusive lefts there. We're taking away the split phase. Now the north and southbound lefts go at the same time and then the north and south throughs will go at the same time. We increased the signal timing for the throughs on the north/south. That should hopefully improve the intersection.

COUNCILMEMBER KERN stated that will improve traffic coming off Highway 76 onto Douglas Drive.

MR. DIPIERRO responded we've observed the 76 and Douglass too. As mentioned earlier, it does fall under Caltrans' jurisdiction, so we have no control over that intersection. We can make recommendations to them, but they completely control that signal.

COUNCILMEMBER FELLER looks forward to all of these improvements. The interchange at Cameo and Rancho del Oro was fully installed and was probably a \$150,000 install that was taken out, so everything is there except the equipment, which was used elsewhere. The Veterans Clinic paid for the whole thing initially. As far as maintenance, we could have used that \$1,000,000 that was thrown away on the EIR (Environmental Impact Report) at Rancho del Oro and Highway 78; that was money already spent. We could have used that for maintenance on almost all of our intersections.

He **moved** approval [of the plans and specifications for the installation of traffic signals on Oceanside Boulevard at Camelot Street, Cannon Road at Shadowridge Drive, and Rancho Del Oro Drive at Cameo Drive; and for traffic signal modification on Mission Avenue at Douglas Drive; and authorization for the City Engineer to call for bids].

COUNCILMEMBER FELIEN **seconded** the motion. A few months ago when the electricity went out, we all had the opportunity to drive through a lot of intersections that were signals and suddenly became stop signs, and he was glad when the signals came back for all of them. There's a point where the traffic in an intersection reaches the point where the volume justifies transferring from a stop sign to a signal. He asked staff to explain how the signals are picked to go from a stop sign to a signal and how this particular one ended up on the list.

MR. DIPIERRO responded we follow the Manual of Uniform Traffic Control Devices. It's the national standard and is otherwise known as the MUTCD. It has 8 traffic signal warrants that we follow. In this particular case, going through the warrant analysis, the intersection in question had a handful of the warrants and we only need to have one of the warrants to qualify for a signal. On top of that, when the VA Clinic was doing their traffic study, it showed that during the PM peak hour that it was a deficient intersection as an all-way stop, which was a Level of Service (LOS) E. By installing the traffic signal, it brought it up from a LOS E to a LOS B during the PM peak hours. Based on a number of those guidelines and evaluations, we decided this was a good location for a traffic signal.

COUNCILMEMBER FELIEN asked if that location had not been picked, is there

another intersection on the list that would have been picked in its place so we would have been spending the same money on installation and maintenance.

MR. DIPIERRO responded in this particular case, no, because the VA Clinic paid for the signal as part of the conditions for their project. However, we do have other locations on the traffic signal list; it just wasn't in the immediate area of where the VA Clinic was building their sites so it would not have been impacted by their traffic study. This particular intersection was, and we conditioned them to pay for the installation as part of their project.

COUNCILMEMBER FELIEN clarified that the VA Clinic paid for the signal and the City is paying for the maintenance, is that correct?

MR. DIPIERRO clarified that the VA Clinic paid for the original signal, but we ended up removing the mast arm poles, the signal heads and the traffic controller. Now that we have to re-establish all of this, it's going to cost overall about \$40,000 for the City to install. This comes from our traffic signal fees; it's not any other account that we're using. These are the traffic signal fees that we charge the developers when they come into the City to pay for traffic signals and can only be used for that.

MAYOR WOOD has indicated in the past that this is a long-standing issue at Rancho del Oro. We weren't going to put another signal out there, but then it got picked. The neighborhood came out and said they didn't want it there. We had a lot of people show up from that neighborhood saying they didn't want it, and that's why he voted no. We should listen to the citizens in the neighborhoods as to what they do and don't want. He still doesn't support the signal at Rancho del Oro and Cameo, but he's not going to try to bifurcate each one of these so he'll just tell the Clerk that when this vote goes down he's supporting all of the others except that one. He doesn't support it because the citizens don't want it in their neighborhood.

Motion was approved 4-1; Deputy Mayor Sanchez – no.

10. **CDC: Adoption of a resolution accepting the FY 2010-2011 Oceanside Downtown Redevelopment Agency Annual Report and authorizing submission to the State Controller's Office and the State Department of Housing and Community Development**

DEPUTY MAYOR SANCHEZ sent a request for additional information to the City Attorney and City Manager. Part of this item is to gather and present information regarding the Redevelopment Agency's funds and loans. Because the Redevelopment Agency owes the City's General Fund about \$9,000,000, she has some additional questions of staff. What is the status of the litigation with the California Supreme Court regarding Redevelopment Agencies and the effect the litigation will have on our Redevelopment Program, vis-a-vie funds we have and were projected to have; projects we have and were projected have. Regarding the debt to the City's General Fund, when was that debt acquired, what is the current outstanding amount of the debt, when were payments to the General Fund projected to begin, what is the probable effect of the litigation outcome, vis-a-vie the Redevelopment debt to the General Fund.

With regard to the status of the litigation, **CITY ATTORNEY MULLEN** responded both AB26 and AB27 were challenged by the California Redevelopment Association and various other Redevelopment Agencies. That challenge was handled directly in the California Supreme Court. The challenge has been fully briefed and was argued in November, and we are anticipating a decision from the Supreme Court either at the end of December or the first week or so of January. Our expectation is we will have a decision probably around January 7th or shortly thereafter.

DEPUTY MAYOR SANCHEZ asked if you anticipated that one would be upheld and the other wouldn't.

CITY ATTORNEY MULLEN responded that's very hard to predict exactly. From the tenor of the Justices' questions, it appears that it's unlikely that both of them are going to be struck down, in his opinion, but you really never know until they issue their decision. It's unlikely that AB26 is going to be struck down. Again, that's speculative based on their questioning.

DEPUTY MAYOR SANCHEZ asked if that would be the end of the Redevelopment Agencies.

CITY ATTORNEY MULLEN responded then the question is going to be whether AB27 is found to be constitutional, which would allow the Redevelopment Agencies to continue to exist when they make what's known as a ransom payment. With regard to the debt to the General Fund, basically under AB26, agreements between the city and the agency would not be an enforceable obligation unless it was enacted within the first 2 years of the agency's existence. If AB27 is upheld, then that provision wouldn't be applicable to the City, and that debt would still be valid.

DEPUTY MAYOR SANCHEZ stated that debt was not acquired within the first 2 years, it was probably within the first 5 or 7 years.

KATHY BRANN, Redevelopment Manager, responded that's correct. The initial 2 loans were in 1986 and 1989 for the relocation of the railroad switching yard and Strand Park. We renegotiated that loan a few years ago for the first payment to start in 2018 and to continue to the end of the debt service obligation to the City, which would be 2027. Again, as the City Attorney mentioned, so much is in limbo with AB26 and AB27. We had to submit an enforceable obligation schedule with the understanding that if AB27 did go through, we did include this debt on that schedule. It just depends on what happens with the lawsuit.

DEPUTY MAYOR SANCHEZ knows that staff included the information provided to the auditors as well as to be presented to the State. If we are in fact seeing the end of the Redevelopment Agency, what projects do you anticipate will not be going forward that we have already projected to go forward?

MS. BRANN responded that's a tricky question because a lot of our current capital improvement projects are currently being funded through Redevelopment bond funds, and it's a little bit ambiguous as to whether we're going to be able to continue to use those Redevelopment bond funds for these capital projects. We've had a lot of discussion and committed them on paper in terms of identifying those projects in our capital improvement projects. However, there is some language that says unless you fully committed/encumbered those funds with actual contracts, then you're good to go. Again, the law was written so ambiguously that it's hard to tell. Right now for our beach improvement project, Mission Avenue project and several of our capital improvement projects that are using Redevelopment bond funds, we're just not 100% sure at this point.

CITY MANAGER WEISS stated the projects where we have issued construction contracts are not at risk at all. So the parking lot that is currently under construction can go forward. The contracts that you have for design efforts, for example later on you're going to be hearing the Mission Avenue project for the entitlements, are not in jeopardy as it relates to the current contract. Should Council approve the Mission Avenue project this evening, going forward is at risk until we get some type of clear direction on what's going to happen. Anything that you have right now that's in process is valid. Depending on what we get later on, we will probably need to come back to Council. If the continuation bill that the City Attorney doesn't think may happen, if we pay the ransom, it's going to reduce the amount of money you have and we'll have to prioritize projects. If agencies are eliminated, that makes things even a little more difficult because it effectively eliminates your ability to do a number of projects that

have been priorities, which will include future parking structures, the waterfront improvements, etc. A number of those would be in jeopardy if the agencies are completely eliminated. The parking lot that's under construction right now will be able to go forward and be completed, and any other studies and contracts that we have already let and are under contract will be able to be finished.

DEPUTY MAYOR SANCHEZ asked if it is about \$9,000,000 that is owed to the General Fund.

MS. BRANN responded yes. If you look in the auditor's report, that's how they've identified it, and it escalates every year after that until we start paying on it.

DEPUTY MAYOR SANCHEZ moved approval [of **Resolution No. 11-R0788-3**, "...accepting the 2010/2011 Annual Report and directing staff to forward Annual Report to the State Controller].

COUNCILMEMBER KERN seconded the motion.

Motion was approved 5-0.

11. **City Council: Acceptance of the Treasurer's Report for the quarter ended September 30, 2011**

COUNCILMEMBER FELIEN wanted to give the Treasurer a chance to reassure our public in these turbulent financial times that our investments are safe and secure, and explain what impact, if any, the recent turbulence in the financial markets have had on our portfolio or our investing decisions.

CITY TREASURER ERNST stated we're still as safe and sound as we were a quarter ago because we're still investing in the same arenas. 2011 was a difficult year economically, locally, nationally and globally; we're doing fine in terms of our portfolio. It would be nice to get a higher return, but then again we are limited in the structure of what we can invest in because we take the safety of our principal to be our first priority - always have and always will. He doesn't foresee any issues with respect to that. Our bond portfolio such that there should be no need to pull any funds out, and as long as we hold our bonds to maturity, there is no potential for loss exposure in that area.

Moving forward, 2012 is projected to be a mixed bag of hope and trepidation overall for the economy. Some states have already shown signs of economic growth and prosperity, notably most are in the northern mid-west and the south. Housing and jobs will remain an issue in the new year, which is vital for the economic recovery for our local area as well as the nation. The California Association of Realtors has projected in California they are hoping for an increase in sales of 1% across the board. It doesn't sound like much, but it's heading in the right direction since for several years in a row they were losing ground.

On the flip side of that, we've got a substantial standing inventory of foreclosures and short sales, as well as a shadow inventory of pending properties that are in default. That shadow inventory is maybe a year or more's worth. A number of these properties may wind up in foreclosure. He brought this up because our economic outlook and how we move forward is largely based on real estate and the job market. Corporate America is sitting on roughly \$2,000,000,000,000 worth of cash right now, which is a lot of money. They're not inclined to go out and invest it in hiring people until they see the light at the end of the tunnel. So, we're kind of in a Catch 22 situation in terms of jobs. Given time, we'll be out of this, but it's going to take a while. Let's hope that 2012 is a year where we see a number of changes in the right direction.

Our portfolio is very safe and sound and since our last report, we're up about 8% in our balances.

COUNCILMEMBER FELLER asked the Treasurer if he could tell us what the north mid-west is doing.

CITY TREASURER ERNST stated they are hiring. The Dakotas are growing. We're talking about the smaller and medium sized companies. They have a different economic structure than we do and the cost of living is a lot lower there. Some people in California have moved to Texas for the very same reason, to escape the high cost of living so they can start anew. There are opportunities in the mid-west, both northern and central, that aren't here right now, and a lot of that is in the job market.

COUNCILMEMBER FELLER stated it also has a lot to do with drilling. They have discovered in that area there is over a 200 year supply of energy. They have hundreds and thousands of people needing housing and the jobs that go along with that.

DEPUTY MAYOR SANCHEZ stated California has a coastline, as does Texas, although they're having a lot of problems because of that oil spill. We have a lot people who live on the coast so we have different problems in terms of maintaining a certain quality of our water. In Texas they have as big an issue as we do here.

On page 3 of the report, you indicate that the Treasurer's office is currently working with the Financial Services Department to update the interest allocation process, which has been in place since the 1980's. The goal is to provide a more efficient and effective process. The target date for the new process to be in effect is December 31, 2011. She asked for more information about what is going to happen and what differences are going to take place.

MICHELE LUND, Treasury Manager, responded that while we're working with Finance and trying to find efficiencies, we are moving to allocate quarterly versus every month. Mostly it's going to be more efficient in looking at the cash balances and how we allocate based on those cash balances. Because it's been in place since the 1980's and hasn't been looked at since then, we're trying to figure out how it is going to impact the allocation. She doesn't know whether it's going to make that much of a difference. For the most part, because we've been doing it monthly, we have less staff, so that's why we're looking for the efficiencies. We're not sure how it's going to impact the overall allocation. It's still based on cash balances in each fund, and we're going to take a look at the funds that are being allocated and make sure they are being allocated correctly.

DEPUTY MAYOR SANCHEZ stated unfortunately we're at the mercy of the housing market and interest rates. There are a lot of things that are not in our control. What is in our control is being more aggressive about bringing businesses to Oceanside. At the League of California Cities conference she got to mingle with other cities and was surprised that they are doing as well as they are because they aren't exactly vacation cities, but they are very aggressively going after businesses. Perhaps we need to be more aggressive about going after businesses. We have a whole downtown redevelopment that is probably going to get moving, at least Phase I, and it would be of great help if the first floors can get major retail and restaurants bringing in jobs. This should be not just downtown, but other parts of the City as well.

She **moved** approval [of the Treasurer's Report for the quarter ended September 30, 2011].

COUNCILMEMBER FELLER **seconded** the motion. He was in Northern California and a company called Waste Connections in Solana County announced they are leaving California for Texas. They are an \$80,000,000 - \$100,000,000 company. They are being regulated right out of California, and that's the real problem.

COUNCILMEMBER KERN thinks we are poised to do much better than we have been. We now have our comprehensive economic development strategy completed. He's been working with the Southwest Innovation Cluster to take some of that reporting and working with them to get grants for robotic research here in North County.

He had a meeting in October at Tri-City Hospital, which they hosted and he organized along with John McDonald, our former Arts Commission Director, about bringing jobs innovation to the corridor, not just Oceanside, but all of North County. We have a conference set up in San Marcos for January and we've met with the Presidents of the college to discuss how we bring jobs to the corridor. He is working very diligently to bring innovation and jobs to the corridor because he's been working with the Innovation Cluster for about 3 or 4 months, and we have other projects that we're working on.

There was an article in the newspaper last week about the Governor of South Dakota coming in and trying to poach businesses from Southern California. You would think that because we have the coastline and environment here, why would anybody leave this to go to South Dakota. It's because the business climate is much better there than here. Until we can get some movement at the State level to improve the business climate in California, we are going to continue to struggle. That doesn't mean we're not going to do as much as we can to bring businesses here. That will be our challenge at this dais over the 18-24 months. We need to bring those businesses and innovation here, not just retail and restaurants because they do not bring real wealth to a community. What brings wealth to a community are high-paying, high-tech, high-value jobs. That's what we need to work on.

He's had 2 meetings with Connect in San Diego on how they brought the cluster of Biotech around UCSD. There are some opportunities here to bring other innovations to North County.

DEPUTY MAYOR SANCHEZ wants that too, but noted that the small businesses hire the most people and provide the most jobs in the country.

Motion was approved 5-0.

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.

12. **City Council: Introduction of an Ordinance of the City Council of the City of Oceanside amending Chapter 10A, Smoking, of the Municipal Code by the addition of Section 10A.3.(d) which will prohibit smoking in the Civic Center Plaza Complex**

MICHELLE SKAGGS LAWRENCE, Deputy City Manager, stated pursuant to the Council's direction on November 30th, we are returning to you this evening with an ordinance that would amend Chapter 10A of the Code, which would prohibit smoking at the Civic Center Complex. Staff recommends that Council approve the introduction of the ordinance this evening.

DEPUTY MAYOR SANCHEZ moved to introduce [an Ordinance of the City Council of the City of Oceanside amending Chapter 10A, Smoking, of the Municipal Code by the addition of Section 10A.3.(d) which will prohibit smoking in the Civic Center Plaza Complex].

COUNCILMEMBER KERN seconded the motion.

After titling of the Ordinance, **the motion was approved 5-0.**

13. **City Council: Discussion regarding the Community Development Block Grant Program Plan for 2012-2015**

JOHN LUNDBLAD, Management Analyst, stated this item is a discussion of the Community Development Block Grant looking forward to the 2012-13 program year, but also looking at the coming years.

The Community Development Block Grant (CDBG) program, under the original statute of 1974, is to develop viable urban communities, principally for low- and moderate-income persons through decent housing, a suitable living environment and expanded economic opportunities. The funding for it comes from an annual appropriation by the Congress to the U.S. Department of Housing and Urban Development (HUD), and the regulations from HUD govern the use of CDBG funds. No more than 15% of the annual entitlement may be used for public services, which includes programs for youth, seniors, homeless individuals and families, etc. If we spend more than 15% of CDBG money on this, then HUD comes back and says we have to repay them out of local funds.

No more than 20% of the annual entitlement may be used for planning and administration. That includes not just program management, but neighborhood revitalization activities, fair housing activities, housing program planning, etc. We're spending about \$60,000 of this planning and administration money this year.

CDBG funds are declining. There has been a reduction in funding appropriation by Congress for HUD programs since 2005. There has also been an increase in the number of eligible jurisdictions. San Marcos, for example, became an eligible jurisdiction just 5 years ago. Once a city is confirmed as having more than 50,000 population, it can become part of the CDBG eligible jurisdiction. That means that out of the overall pie, every year there is a few more slices that affect everybody else. A major thing that's going to happen for us in the coming year is that the CDBG regulations require that the most recent census be used in the formula for redistribution. For example, San Marcos and Chula Vista had very significant population increases from 2000 to 2010. Oceanside had 3.5%, which is going to affect how those pieces of the pie are determined.

The group of 12 in Congress who were supposed to come up with the plan to reduce the federal debt could not reach a consensus. Right now, unless Congress acts, there will be automatic across-the-board reductions in discretionary funding beginning in federal fiscal year 2013-14 it will be at least a minimum 5% reduction without Congress doing anything else. We see there will be a steady reduction in CDBG funding over the next 5 years.

Our program plan, which we've presented and asked for your direction tonight, is:

- No open call for applications for public services funding in 2012-15
- Restrict available public services money to the City's most vulnerable and at-risk population
- Maintain funding for City programs that serve those most vulnerable and at-risk population
- Continue funding for Code Enforcement, housing rehabilitation programs and our annual loan payment, which this year is about \$270,000, for the loan that we took out for the construction of Fire Station 7 – These are part of other CDBG funds.

Public input

JODI DIAMOND, Boys & Girls Club of Oceanside, 401 Country Club Lane, on behalf of the 1,400 youth that we serve on a daily basis, thanked Council for their long-term support of our program. Understanding that we're still facing economic times, we know that Council is faced with some challenging decisions in terms of how these reductions play out for CDBG. We have Gang Buster and our Libby Lake outreach programs that serve a number of youth in Oceanside. The Gang Buster program, is for juvenile diversion. She told the story of a 13-year-old who benefitted from the Gang Busters program this year.

Obviously, there are a lot of worthy organizations that need CDBG funding and we do as well. She invited Council to come see what they do so they can see what the money Council is providing can do.

MARIE JONES-KIRK, is Executive Director of Fraternity House, Inc., 20702 Elfin Forest Road, Escondido, which opened 23 years ago in Oceanside with the mission to provide 24-hour daycare to men and women dying from complications of AIDS. Today, our residents are living with a chronic illness, as well as a multitude of other secondary illnesses from cancer to kidney, liver or heart disease. Over the years, the City's Neighborhood Services Department and the Council have supported us when we needed it most. She's here this afternoon to thank you for your support over the years and to support the City, specifically, the staff of the Neighborhood Services Department and its most difficult decision to reduce the funding for the CDBG and mortgage revenue bond programs. She has seen how CDBG programs have been so hard hit in recent years with decreased funding from the federal government. Unfortunately, that has come at a time when so many community programs that serve those in desperate need of housing, medical care, mental and emotional support and respite care have been hit with the reduction in funding and donations.

Over the last several years, she's had the honor to work with John Lundblad and Margery Pierce and has seen how each is so passionate about their jobs and the community partners they support. They have rallied for funding and worked hard to utilize the City funds in a manner that would truly benefit the neediest of the needy. She knows the recommendation this afternoon is not an easy one. She wishes there were other options for funding and understands there are not. She knows John and Margery will continue to support those programs whose funding will be eliminated. She supports staff today as you have supported so many of us over the years and looks forward to working with you in the future. She thanked the Council for the support they have given over the years; it has allowed us to give hope and personal care to over 500 men and women living with HIV/AIDS.

MARIA YANEZ, Vista Community Clinic, 1000 Vale Terrace, Vista, stated Vista Community Clinic (VCC) has had a long-standing and strong partnership with the City in providing an array of services to the community. Aside from the various medical services we provide to Oceanside residents through our 3 community clinics, VCC also has 3 youth development programs in Oceanside. These programs focus on gang prevention, teen violence prevention, teen pregnancy prevention and community connectedness.

We have been recipients of CDBG funding for several years and hope to continue as such, but are also in support of the staff and their efforts to make the best decisions. As a result of the continued support through CDBG funding, we have been able to offer effective teen/youth development programs like Project Reach at Libby Lake Community Center and at the Balderrama Community Center as well, to those youth that are at-risk from 11 to 19 years of age. We focused on school retention, violence prevention and community connectedness.

We've been fortunate enough to be able to show outside funders, such as the Office of Juvenile Justice Delinquency Prevention Programs, California State Office on Gang Prevention, Office of Minority Health and the California Wellness Foundation of the

strong support VCC received from the City as a way to match and sustain continued programming for youth in Oceanside, including those areas with the highest risk. This alone has allowed VCC to develop new programs and maintain existing programs, like Project Reach, with new added resources. Without the financial support of CDBG, these additional dollars may have been hard to obtain and the continuation may have been limited or restricted to those youth. However, we've been able to work with the City to do that.

VCC believes in community development as it is the heart of where our youth and families find their identity as a community, support for one another and hope for a better future. As the City moves forward to manage the cuts and their impact in these times of economic hardship, VCC hopes to continue receiving CDBG support but realizes the reality of that and those other agencies that are also in need.

LARRY BARRY, 3973 Brown Street, stated CDBG has pretty much been a disaster for the City in the long run. Every time he's been involved with CDBG, everything he sees is that they're on pins and needles, which is no way to run a business. He knows these people are good people who would probably work for free. The problem is that we have no money; we are not going to have money to give to the people that need it. We are going to see a decline in the American culture and a decline on people helping other people because there's no money. The dissemination of money that goes through the CDBG starts in Washington and comes down to the people, but it takes about 2-3 years before it even reaches the people. It's time for the City, whether in the churches or neighborhoods, to help the individuals and own up to what we have to do for our community. We are seeing an increase in crime, and the drop-out rate here mirrors the rate in Los Angeles right now. We need to be involved in our community more than ever, but we are not going to get it from community block grants. It's a failure for us to keep waiting and hoping that we're going to give people jobs to do these things; we have to step up as a community and help these people.

JIMMY KNOTT, 127 Sherri Lane, reminded the Council that since the last census we have grown from 7 low-income districts to 17, and we have 3 major homeless areas near the San Luis Rey River and one near the beach. We need to address this. If it's expanding, there is a problem. There needs to be a solution. We're smart enough to start addressing this. There are tools, like the CDBG funds, that can help address this. He encouraged Council to look at this.

Public input concluded

DEPUTY MAYOR SANCHEZ knows how difficult it was for staff to bring this forward. Everyone who spoke is right; there is a lot more work that needs to be done than there is money to do it. Even those that are involved with the non-profits that are at the grassroots level and reaching out to communities of at-risk youth and at-risk seniors do make a huge difference. They work above and beyond what they are paid to do.

She asked staff to provide her the census track upon which the funds are based in order to even qualify to get these funds. We're talking about \$1,400,000, which is less than last year. How is it that we arrive at the \$1,400,000, which is basically an estimate because we're not really sure how much it's going to be. Staff indicated to her that it's based on the income of certain census tracks, which are the Crown Heights neighborhood, Eastside neighborhood, Libby Lake, the Calle Montecito neighborhood, Mesa Margarita and the Back Gate area. Those neighborhoods are the reasons why we even get the funds in the first place. When staff indicates that there isn't enough to go around, there is a hard decision that we have to make tonight. Their proposal to target the neediest and most at-risk is the only thing they can propose because there isn't any more money.

Staff has recommended programs for at-risk children and youth provided by the City

Parks and Recreation Division at the Joe Balderrama and Melba Bishop Recreation Centers because Joe Balderrama is in Eastside and Melba Bishop Recreation Center is in the Back Gate area. They have also listed programs for at-risk youth and neighborhood revitalization areas provided by Vista Community Clinic at the Libby Lake Community Center and North County Lifeline at the Crown Heights Resource Center, operation of the Crown Heights Resource Center in the very low-income Crown Heights neighborhood and the Chavez Resource Center in the low-income Eastside neighborhood, services for low- and very low-income seniors provided by the Oceanside Senior Citizens Association, the Winter Homeless Shelter Program sponsored by the Alliance for Regional Solutions, including Bread of Life in Oceanside, and emergency assistance for the homeless and for very low-income individuals and families provided by the Brother Benno Foundation and Interfaith Community Services.

She thanked the Boys & Girls Club for everything they have done for our youth in Oceanside. There has been a change in their model to provide services at the schools rather than at the center itself. When it was not available for afterschool, Parks and Recreation had to expand services to provide for the kids at our parks, and we ended up having to fill a need that was still there. It's difficult, not just for the Boys & Girls Club, but for North County Community Health and all of the other non-profits that come to us year after year with all of the good work they do. Faced with this dilemma of having to make this decision about which neighborhoods to have the funds go to, it has to be to those that in fact are the qualifying neighborhoods.

She **moved** approval of staff's proposal and that we go forward on funding those organization and services that they have identified.

COUNCILMEMBER FELIEN **seconded** the motion for discussion. The staff report makes a point that the funds have to supplement but not supplant local funding. What determination is made for local funding? For example, the Boys & Girls Club are getting a grant for \$16,000 so what local funding did they get to show that they're getting local support so it's a supplement not supplant.

MR. LUNDBLAD responded in this particular case there would be no funding supplanted. If, for example in the case of the Boys & Girls Club, the Parks & Recreation Division had a contract funded with General Fund monies for the Boys & Girls Club to provide specific services, you could not then say we're going to withdraw that funding and replace it with CDBG funding. That would be supplanting. HUD reminds us about taking CDBG funding and using it in place of a city's General Fund money. For example, if in the overall Parks & Recreation budget Council said we're going to replace another \$20,000 person currently funded with General Fund, and paid them instead with CDBG, that would be supplanting.

COUNCILMEMBER FELIEN stated in effect as long as you don't have a history of General Fund funding for these activities, you're not at risk of being accused of supplanting.

MR. LUNDBLAD responded only on rare occasions in more prosperous times. When the Council had one of our Little League teams travel to the World Series and the Council provided some additional funding in exchange for certain services of cleaning up the park. But it's been rare occasions like that.

COUNCILMEMBER FELIEN asked if on the item with homeless programs you're referring to mortgage revenue bond funds, what's the distinction there as opposed to the general grant amounts.

MARGERY PIERCE, Neighborhood Services Director, responded mortgage revenue bond money is money that we have collected at the time that we issue bonds for various housing projects. From those projects we receive an annual monitoring fee. Over the last 25-30 years, we've accumulated a fund balance of money that we didn't

use. We had the money available to do the monitoring, so we used some of that fund balance to fund the Alliance last year for example. That fund balance has gone down considerably, and we can't continue to use that money to fund the social service programs.

COUNCILMEMBER FELIEN asked if it is separate from the federal grant.

MS. PIERCE responded yes.

COUNCILMEMBER FELIEN stated in the introduction on the CDBG, you mentioned one of the issues is economic stimulus or community economic development; is there any part of our funding that would fall under that category?

MS. PIERCE responded the only way economic development works with CDBG is you can only use a certain amount of money for it and it has to create a new job. Obviously, we've been interested in economic development. We spoke at length with our HUD representatives and they completely told us that it's near to impossible and we shouldn't embark on an economic development project with CDBG.

COUNCILMEMBER FELIEN knows in the past we've discussed the small business loan program that one community has successfully used. In these economic times we're doing basically triage here with these programs. There's more need than there is funding. What is it that they were able to successfully do to create that kind of program that we're not able to duplicate?

MR. LUNDBLAD responded in discussing this with the CDBG person, it was a city in Northern California. First they were able to start this in more prosperous times and their particular item was that they could loan funds to a business that was planning to expand and could guarantee that they were going to take on not just a new job, but a job that would be held by a low or moderate-income individual, and that the job would stay there for at least 3 years. The CDBG person said it works great in times of economic expansion. However, once you don't do it, unless somebody can absolutely guarantee a 3-year position available to a low or moderate-income individual, it's impossible. The only other option for doing economic development is job training programs, but that HUD considers to be a public service and thus under the 15% cap. We did explore with MiraCosta College and their business development side, not the college side, but we couldn't find a way to do it outside of the public service cap.

MS. PIERCE stated however, as Council is aware, at Family Recovery Center we did assist them in getting a commercial kitchen, and they are teaching catering and running a restaurant and that sort of thing through that provision. That is an economic development byproduct of getting the kitchen done there.

MAYOR WOOD determined to continue this item until after the 5:00 items.

5:00 PM

INVOCATION – John Lundblad

PLEDGE OF ALLEGIANCE – Library staff

PROCLAMATIONS AND PRESENTATIONS –

Proclamation – Retirement of Library Director Deborah Polich

Proclamation – Day Without A Bag

Presentation – SUN Project 2011 Slide Presentation/Volunteer Appreciation

Presentations were made

[Recess was held from 6:01 PM to 6:12 PM]

Council returned to Item 13 at this time.

13. **City Council: Discussion regarding the Community Development Block Grant Program Plan for 2012-2015 – Continued**

COUNCILMEMBER FELLER asked if we directly contacted all of the people that we're leaving off.

MS. PIERCE responded yes. We sent out an email and told them where they could get the staff report on the web site last week.

COUNCILMEMBER FELLER is on the Board of Angel's Depot, and they are the largest distribution site at about 175 meals a month for 7 days. These are the most needy of seniors. He doesn't know how that could fall through the cracks here. He's fearful that Gang Busters is going to lose its teeth out in Libby Lake/Calle Montecito.

MS. PIERCE responded the Gang Buster programs are being provided at the school. The Boys & Girls Club vacated the site out at Libby Lake 2 years ago.

COUNCILMEMBER FELLER asked if then they're not doing anything out in the Libby Lake area.

MS. PIERCE responded at the schools in that area they are, but they vacated their site at the Resource Center.

COUNCILMEMBER FELLER stated Angel's Depot hasn't given up on Oceanside, and he doesn't know what can be done. He hates to see any programs go because once they're gone they're gone for good, and that's disturbing to him. There's still a pretty healthy need.

MS. PIERCE responded we're just not going to be able to meet the need that's out there. The very sad reality is that the need is growing, and the resources are diminishing. That's life right now, unfortunately. We're faced with very difficult times.

COUNCILMEMBER FELLER stated we're spending \$150,000 in community centers, and this is life or death sometimes for some of these seniors, especially with Angel's Depot. He hopes they can figure out something because they hang on by a pretty small thread. They do some tremendous fundraising, but \$8,000 is \$8,000.

COUNCILMEMBER KERN stated in looking over the list of what stays, it seems that the government-run programs have priority over the public/private partnerships. Who makes the decision on what gets cut and what stays?

MS. PIERCE responded the Council makes the decision.

COUNCILMEMBER KERN asked if we could change these if we want to tonight.

MS. PIERCE responded we were proposing a plan to get direction. We know that our administration money is going down also, so we're asking for a 3-year plan because we need to cut back on our staff costs. We will take whatever direction Council has for us tonight.

When we talk about the resource centers, we're only talking about the resource center at Chavez, which we've already sliced in half, and we're basically providing those services out at Balderrama and Crown Heights.

COUNCILMEMBER KERN was just wondering what kind of criteria you're using to select them. The list seems weighted more toward government than the

public/private partnerships.

CITY MANAGER WEISS stated we're asking for your direction. We have to come back to you in March with a public hearing to actually adopt the plan. Generally we would be issuing the notices to all of these agencies to provide their information and go through the process. We're recommending not doing that at this point because of what we're proposing. If Council's direction tonight is to modify the funding, you certainly can do that. We would bring that back to you then in March. Council can provide alternate direction tonight if that's how you feel.

COUNCILMEMBER KERN is not prepared to offer alternate direction. He'd like to study this a little bit more since we have time between now and March, unless the decision we make tonight is final and we're going to act on it tonight.

MS. PIERCE responded if the direction would be to go out and solicit applications again, we would have to do it now. If the direction is to come back with some other type of plan and this is what we want included in it, that's what we would come back in March with.

COUNCILMEMBER KERN thinks last year we said we weren't going to expand the program and were just going to deal with the people that we've dealt with in the past.

MS. PIERCE responded last year's policy was that we would only continue the programs that are in our recreation and resource centers and now we have to even cut back further from that.

COUNCILMEMBER KERN wanted to see how we arrive at that out of fairness. It used to be a process going through this when we had all the money, and we did priorities and did a process where we came to the conclusion that everybody got a little bit. Then we cut off lines.

He's willing to support the motion. We don't know what the funding is right now. We're guessing, right?

MS. PIERCE responded yes. We're not attaching dollar amounts to it at all tonight. There's no way to do that.

COUNCILMEMBER KERN would think at some point, with the declining dollars that Mr. Lundblad talked about, there's going to have to be some prioritization. We'll have to decide what is our absolute priority that we will fund to the very last. This is the issue we always have with our budgets, are we going to try to keep the pie intact and cut the slices thinner and thinner? What's the plan for not only this year, but the out years.

MS. PIERCE responded we have tried to keep in line with the policy over the 30+ years that CDBG has funded social service agencies. There's the option not to fund social service agencies at all and only fund the programs that we provide as a City. She thinks we'll get to that point.

COUNCILMEMBER KERN imagines they will. We don't know what that funding is and with the general economy and budget of the United States, those CDBG funds, probably within 3 years, may go away all together. We're going to work with what we've got for now and hope for the best. Hopefully by March we'll have some clarity about the budget of the following year. Have you talked to HUD and the people who provide projections? Was it like a 5% declining budget every year?

MR. LUNDBLAD responded we have been talking with HUD regularly. What we're looking at now is simply a projection based on the reduction we saw in the

Congressional appropriation. That's where we say we expect a 12-15% reduction. Based on a prior action of Congress, HUD has to notify us within 60 days following the Congressional appropriation, so we expect to have some knowledge by February 1st, just as a rough date. Beyond that, we're still kind of waiting and watching.

COUNCILMEMBER KERN asked if it's drastically different than what you are projecting, would you come back to us in February or are we just going to wait until March?

MS. PIERCE responded we will be keeping Council advised as we get more information. It may be that we'd have to come back on an interim basis.

MAYOR WOOD stated this has always been a tough one for us over the years. We have requests for \$1,000,000 or \$2,000,000, but we only have a couple hundred thousand to give. We've always had committees that deal with this daily, making decisions and rating them. He's not trying to circumvent them. He's going for the ones that fit the City's needs the most in the staff recommendation. If changes come down the line then we'll have to look at it again. He doesn't want to go back to the policy of having all of those people come give a speech to us and have us make a decision.

DEPUTY MAYOR SANCHEZ thinks Ms. Pierce is not giving us the whole story because the whole story is that she has been so involved with these very challenged neighborhoods. Crown Heights, Libby Lake and the Back Gate area are the ones that are the most at-risk and the ones where we can make the biggest difference, in terms of turning a young person around. It has been our staff working in these resource centers. Sometimes it can be one person that you take out and it can unbalance the entire thing. Graffiti and crimes can all of the sudden happen in a short period of time. She wants to give staff credit for what they've been doing, not just in the last 11 years, but long before that in identifying problems and solutions and trying to do the most with these small dollars. They go above and beyond.

Perhaps along with this direction to adopt staff's recommendation, we can include Angel's Depot. She asked Mr. Weiss how much it was, and she remembers seeing \$7,500. If we could, she'd like to include that with everything else staff has recommended. Hopefully, that's a possibility.

MR. LUNDBLAD believes Deputy Mayor Sanchez is saying to retain the \$7,500 minimum, and that has been a Council policy that we have followed. HUD has strongly recommended that jurisdictions move away from giving the \$2,000 and \$3,000 awards, partly because on all levels the sub recipient, the City and HUD, the amount of time it takes to manage a small grant is equal to the amount of time as a large grant and it's not worth it.

DEPUTY MAYOR SANCHEZ clarified that her question was, along with what staff has proposed to do, could we add back in Angel's Depot at the \$7,500 minimum level? Would that pose a problem?

MS. PIERCE responded if the direction is to try to fit Angel's Depot in, then we'll try to do that. She can't promise that we'll be able to fit any of these in because we don't know what the figures are.

DEPUTY MAYOR SANCHEZ would like to see if that's a possibility. She would like to include seeing if there's anything we can do to include Angel's Depot at the \$7,500.

COUNCILMEMBER FELLER will abstain if that is the direction, because he is a Board member for Angel's Depot.

Motion was approved 4-0; Councilmember Feller abstained.

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.

20. **Advance written request to reserve time to speak:**

- a) Virginia Webb – Absent
- b) Danielle Susalla Deery regarding Oceanside Museum of Art events/show

DANIELLE SUSALLA DEERY, Director of Exhibits at Oceanside Museum of Art, 704 Pier View Way, stated they have 5 incredible exhibitions going on and some wonderful programs coming up for 2012. She showed images and discussed the various local artists who are being featured at the museum. There will be a public opening and reception on February 4th that is free. They have a new program called Artists at Work on the second Thursday of every month starting January 14th. Our next Art After Dark is on January 27th. Thanks to the Oceanside Charitable Foundation we have free Tuesdays, which offers free admission to everyone every Tuesday in 2012.

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

NAOMI OLSON, 3487 Garfield Street, Carlsbad, President of the Oceanside Theater Company, stood before Council 11 weeks ago and told you, if awarded the contract, the plans that Oceanside Theater Company (OTC) had for the Sunshine Brooks Theater. We received Council's unanimous support that night, and she has returned tonight to tell you what we've accomplished and what we have planned. OTC received the keys for the Sunshine Brooks on November 1st, barely over a month ago. On November 5th, we held a meet, greet and clean party, and we had over 50 volunteers - college students, local theater artists, residents and entire families who turned out to literally scrub our theater from top to bottom. We also painted a portion of the lobby, and we know that you'll see a big difference just walking into the theater. We have very exciting plans for the restoration of the theater in the future.

We've recently hosted an Encinitas dance company performing The Nutcracker and we have 2 groups coming in next week and several more scheduled for next year, including The Big Read with the Oceanside Library. OTC Academy has completed their first set of acting classes for students 12-17, and will offer a musical theater course in February. Christopher Williams will teach our first adult class starting on January 9th called Nail It, which is designed to teach individuals 18 and over audition techniques. On January 25th, OTC will kick off their theater outreach program of Oceanside Unified School District by offering an after-school program at Garrison Elementary School. Lastly, our main stage production, Jacob Marley's Christmas Carol, opens this Friday.

When OTC was being interviewed by the Parks & Recreation Commission, they asked us what we want from the City and she replied 'your support' and that's what she's here tonight for. She asked people to support OTC by purchasing tickets. The website is www.oceansidetheater.org.

ELIZABETH LINDSAY, 104C Peyri Drive, is a volunteer for Brain Injured Veterans Arts and Music Program. The program exists to provide research and actual therapy for our veterans who are coming home from this most recent war with Post Traumatic Stress Disorder and traumatic brain injuries. We're throwing a party in support of this venture to fund these programs. The party will be at the Star Theater on Saturday, January 14th. She encouraged everyone to buy a ticket or underwrite it with a small donation. Their website is www.braininjuredveteransassoc.com.

SHIELA KADAH, 5301 Village Drive, asked how the Council majority can vote to

spend over \$70,000 on a third study in 4 years for something to do with the budget. Is it because the first 2 studies didn't support what the majority wanted? There are people in our community that want to and can volunteer to do these things. Councilmember Kern asked at the last Council meeting for people to come forward and give their input on things. In the past, hundreds of people have come to Council meetings to express their concerns, and you have never listened to them or supported them. Also, there was a program before where the Fire Department was billing insurance companies to pay for the clean up on roads due to accidents, and insurance companies have millions of dollars of profit. Councilmember Kern had made a statement that the program was only collecting \$40,000, but that \$40,000 would mean a lot to some of the programs in our community.

She recently met people from Newport Beach who lost their home because Newport got rid of rent control, and she asked the Council majority how they can support getting rid of rent control for the veterans and seniors in mobile home parks during this season of goodwill towards man. A lot of those people need assistance with food, etc. She loses sleep worrying about them and urged Council to support rent control.

5:00 P.M. – PUBLIC HEARING ITEMS

Public hearing items are "time-certain" and are heard beginning at 5:00 p.m. Due to the time-certain requirement, other items may be taken out of order on the agenda to accommodate the 5:00 p.m. public hearing schedule.

22. **City Council/CDC: Adoption of a resolution adopting a Mitigated Negative Declaration (MND) and approving General Plan Amendment (RGPA-11-00001) to the Circulation Element for a reclassification of Mission Avenue from Major and Secondary Arterial (four lanes two-way) to a Collector (two lanes one-way westbound) from Clementine to Cleveland Streets, and Coastal Permit (RRP-11-00002) for the General Plan Amendment and improvements to Mission Avenue, Seagaze Drive, Clementine and Cleveland Streets – Applicant: City of Oceanside**

- A) Chairman opens public hearing – hearing was opened.
- B) Chairman requests disclosure of Commissioner and constituent contacts and correspondence – Mayor Wood, Deputy Mayor Sanchez and Councilmembers Feller, Kern and Felien reported contact with staff and public.
- C) Secretary presents correspondence and/or petitions – 1 email that was also received by Council.
- D) Testimony, beginning with:

KATHY BAKER, Redevelopment Manager, stated this item has been before Council on a few different occasions. There are several documents that are associated with this action: the Walkable Community Study that was done back in 2002; the Local Coastal Plan; the Bicycle Master Plan that was done in 2008-09; the Pedestrian Master Plan; AB1358, which was a Complete Streets Act that tries to serve the needs of all users of a roadway that would include pedestrians, bicyclists and handicapped; and the Circulation Element.

The reason we went down this venture several years ago was to basically create healthy streets. We wanted to create an environment that was more pedestrian-friendly with canopy trees and a more walkable environment. The added benefit to that is if you have healthy streets and sidewalks, it equals healthy businesses. If you go to any popular urban downtown, they thrive. They have tons of restaurants and small businesses and businesses that really thrive. That's what we're looking to do downtown, and primarily the focus was turned to Mission Avenue because it's the gateway into our downtown. When the economy picks back up again and we have our future developments in the core downtown, we know that these improvements will be had west of Coast Highway, but on the easterly side of Coast Highway, that part of Mission has struggled for years, especially right now with how the economy has been.

We've had numerous public meetings and tried to get as much input as possible over the years. She's seen many of the Councilmembers at those meetings and appreciates that. She used a computer graphic to show a list of past meetings held. We've been at this effort since 2009, so there have been numerous meetings.

This item is a General Plan Amendment in order for us to amend the Circulation Element to reclassify Mission Avenue from a major, which is basically taking it from 4 lanes down to 2 lanes from Clementine to Cleveland. Also, part of this action that was necessary for us to do was a Mitigated Negative Declaration, in which we evaluated everything from archeo, paleo, soils, noise, gas emissions, etc. There was nothing that came out of that study that was unmitigatable. A portion of this project is in the Coastal Zone, so we are issuing a Coastal Permit as well.

The overriding goals of the Mission Avenue improvements were to enhance traffic circulation, improve the pedestrian safety, lower greenhouse emissions, improve the aesthetics, accommodate the needs of all users, limit storm water run-off, increase business activity (which is one of the primary goals), improve the bus stop circulation and increase health benefits by getting people out of their cars.

A computer graphic was used to show the preferred alternative is to take Mission Avenue from 4 lanes, and then once we get to Clementine, to transition to 2 lanes going westerly past Coast Highway and the movie theater. Then you would go southbound 2 lanes and loop back up Seagaze. The portion from Coast Highway to Cleveland will continue to be 2-way to accommodate the North County Transit activities and all of the buses that come in and out of their facility. Then you would go back up Seagaze to Clementine and back out to Interstate 5. We obviously know this is going to be a learning experience for a lot of people, and we're going to have to make sure that we properly sign it.

A graphic was used to show the current cross section looking toward the ocean. We're looking at extending the parkways, which are currently only roughly 8', and we're looking at expanding those from 15.5' to upwards of 20' in some locations. We have the reversed-angle parking and a 14' wide travel lane that's going to be shared with bicyclists, an 11' travel lane and 8' on the south side for parallel parking, and the extended enhanced sidewalks.

A graphic was used to show an overview, which includes the reverse-angle parking. She's gotten a lot of comments about the reverse-angle parking, but it's a fairly common practice. A lot of local cities are looking to implement this now. It's easier than parallel parking, and trying to parallel park on Mission Avenue is a challenge at best. The benefits are that it improves visibility, especially when pulling out; it decreases the number of collisions; improves safety for children and pets, who are forced to go straight to the sidewalk when getting out of the vehicle; improves loading and unloading; improves handicapped access; increases parking and it is a means of traffic calming.

As part of this project we are also implementing 4 different varieties of street trees. If you think of any inviting pedestrian-friendly downtown, they always have canopy trees. We've tried to make sure that we picked a species that was not too high maintenance and that would not completely block or obliterate the signage for our business community. We tried to be thoughtful about this, and the landscape committee took about 8 months to come up with the trees we wanted to see on Mission Avenue. A computer graphic showed examples of site furnishings, grouping of chairs as opposed to just benches to encourage people to sit next to possible strangers. We're looking at incorporating 2 different locations for an art element.

We are addressing storm water through storm water planters, which are a variety of different grasses where the storm water would come into these areas and be

naturally filtered through the soils. That prevents it from going off into the ocean.

We met with the bicycle community because we know that there are a lot of issues that came up that they would like us to consider. A graphic showed examples of lanes and signage, reminding motorists that their lane is being shared with bicyclists. We're also looking into creating a place where we can have multiple bicyclists parking in an area.

We're looking at phasing the project at this point for a number of reasons. One is leveraging our funds so we can apply for grants. Because this is a Complete Streets program, we are going to be able to apply for numerous grants, including SANDAG and a variety of other types of grant funding. It also reduces the overall cost of the project. One of the comments that came up previously was what about Seagaze. Maybe what this will do is free up some money so we can apply for grant funds to help with some improvements possibly on Seagaze. Phasing allows the public to get used to the one-way street system and it lessens the impacts overall to the downtown.

A computer graphic was used to show the proposed first phase that would come from Clementine and stop at Coast Highway, and we would have Seagaze to Clementine. The second phase will be from the west side of Coast Highway down to Cleveland and back up to Seagaze.

The estimated costs are \$1,875,000 - \$2,100,000 for Phase 1, and \$1,350,000-\$1,550,500 for Phase 2; for an estimated total of \$3,225,000 - \$3,659,500. The funding for this would be Redevelopment bond funds. We're not asking to have Council approve the money necessarily tonight; we're asking you to approve the General Plan Amendment, the Mitigated Negative Declaration and the Coastal Permit.

As far as our next steps, we have our Council meeting this evening, and around January 15th we're expecting some kind of outcome of the Supreme Court determination on the Redevelopment lawsuit. Until we know that, it's hard to say which direction we're going to go, but we should have some kind of resolution by mid-January. Assuming everything goes well and we're still in business, we would go forward with the construction drawings for Phase 1 and have the project go out to bid next summer and potentially be under construction by next fall.

Public input

JOHN DALEY, 392 Islander Street, stated if there's one thing that will get people's ire up, it's change. But the question that should be asked of those people who don't want this change is when was the last time they shopped or did any business on Mission Avenue in Oceanside. They probably couldn't even tell you. Change is necessary for this road. We have 2 major streets in redevelopment, and we've been working on redevelopment for almost 37 years now. These changes need to be accomplished on Mission Avenue. It's been studied many times and long before 2009. What's being proposed has been designed by traffic engineers, been looked at by staff and makes the most sense for bringing the improvements that we want downtown as far as the new businesses, etc. At this point, there is very little question about whether this is a good project. The question is whether you are afraid of change. There are going to be plenty of questions about parking, etc. but the final answer for tonight is that Council should approve this project. It's an excellent project for the future of Oceanside.

JIMMY KNOTT, 127 Sherri Lane, has attended almost all of the public hearings on this and it was well discussed and presented by staff. The public attended and actively participated in this. If anyone disagrees with this proposal, there was ample opportunity for the public to attend those meetings, which were well publicized. He believes, in light of the current economic situation, the improvements along this street should be made with public donations for the public amenities such as benches, trash

cans, etc. That would allow the public to participate in this.

For seniors, having a one-way street is going to present some problems. The reverse-angle parking will present some problems, but 2 international studies and 1 recent national study have shown that it is the safest way to park. It's easy to get lost in the trees. You need some business directional signage, like some of those English Pub signs to draw people in. He thinks this proposal is worth the experiment, and we should try it.

ERIN MORIN, 1241 Chambord Court, likes what we're doing for the next generation and the future of downtown Oceanside. What's missing here though is recycling cans, because people like to recycle. She would love to see a Whole Foods or another big market chain there that promotes local agriculture. It would be great for South Morro Hills to link with Whole Foods, which gives back to their community and does a lot of really great things.

KATHLEEN FERRIER, 740 13th Street, Suite 502, San Diego, is a staff member of Walk San Diego and is here to support this project. Walk San Diego is a non-profit organization that does education and advocacy around walkable communities in the San Diego region. We work with communities to do these types of projects. Often times communities want to slow traffic and make it safe to walk, but they don't know how to do that. We try to provide those solutions. We're also working in 40 different schools throughout the region on Safe Routes to School projects. We support these improvements because they will greatly improve pedestrian safety for Oceanside residents and visitors, provide a regional model of traffic calming for other cities, and start transforming the downtown area into a more walkable, economically viable area.

We support the reverse-angle parking and the bicycle facilities that are proposed. We're particularly excited about the road diet: the transformation of a 4-lane street to a 2-lane street. This has been one of the most effective measures around the country to improve pedestrian safety. They actually reduce pedestrian fatalities by up 50%, and it's working within your existing right-of-way to maintain vehicle flow while at the same time allowing for bikes and pedestrians. Walk San Diego did a recent study about the Bird Rock area in La Jolla when they did some traffic calming improvements in 2005, and it helped contribute to a 25% increase in sales tax dollars among 95 businesses in that area.

We support this project because it does support Complete Street concepts, and it would meet the criteria for SANDAG funding, specifically through the active transportation program as part of the 2050 regional transportation plan that was recently adopted. They set aside an increased amount for active transportation funding.

BRENDA BATALI, 301 Mission Avenue #504, lives in Oceanside Terraces and thinks this is a great plan. She also studied the reverse-angled parking, which allows 3 spaces in the place of 2 parallel parking spaces. Her only concern is that it would be nice to do Mission Avenue all in one swoop as the first phase. If we could do that, it would be less confusing. She's not sure about the configuration of Seaview. Part of it is one-way and part of it is two-way, and that could be confusing. She is also confused about the transit system. She's for the program and for putting recycle cans in there too.

HOWARD LA GRANGE, 2575 Jason Court, is Co-Chair of the Oceanside Bicycle and Pedestrian Committee, which has been very involved in this project since its inception. We strongly support everything that staff has designed so far. We also support the idea of a shared lane, which is a lane that would be shared by motorists and bicyclists. The speed limit through this area is 25 MPH, so it's very easy for bikes and automobiles to share the same lane. We saw how this worked in Long Beach. We fully support this program. We've been up to Los Angeles and other coastal cities looking at street furniture, treescapes and all kinds of things. This project is well thought out, and

this is the time to get this done.

JOAN BOCKMAN, 1017 Alberta, lives adjacent to this project and generally supports it. This project has highlighted 2 key items that are missing in our City and really need to get fixed. First is our parkways. The area between the sidewalk and the street is not protected. They are being paved over. She has personally stopped them from paving some over, calling the City Engineering Department and getting them out there to stop someone who was doing it without a permit, and we got 2 little trees planted. We need to stop the paving of our parkways. She asked that we please get something in our City that protects that. That's our green space; it's permeable surfaces, and we need that.

We must also protect our canopy trees. We have cut down so many in the last year all through the neighborhoods and we're not replanting them. If people do replant them, they are always a palm. Specifically, for this project, this is planning, which is good and Council should approve planning. Money can come later. Regarding La Jolla's Bird Rock, she drove through that on a Saturday in the summer and had a wonderful time. We were not stopped; the whole point is that you keep moving. It can be congested, but you can still keep moving.

For this project, the restaurants and retail need to be together in short segments. That was shown very convincingly in that plan. The blocks west of Ditmar have those storefronts, and the blocks east of Ditmar are primarily office/professional. That gives us the perfect opportunity for increased landscaping along that area and putting the angled parking more in front of those residential uses. The last thing we want is a continuous strip mall, which is what Coast Highway is. Also, the bioswails are a great idea. There were 50 people in South Oceanside a couple of weekends ago putting in what's called an ocean-friendly garden, which is about water retention. All of our parkways should be potential bioswails, and there are things we can be doing in the City, policy-wise, to make that happen.

Living in the area, if we have problems with traffic where it goes into the neighborhoods, we need a way to quickly address that. We have the traffic calming system. The landscaping is not enough for her. She would like to have a way, in response to this project, that if we see things in the neighborhood then we have a quick way to respond as opposed to 2 years of study, etc. There is much more to be done with traffic calming in the neighborhood. She supports this project as it is, even though there is a little too much concrete for her.

RICK WRIGHT, Executive Director for MainStreet Oceanside, 701 Mission Avenue, sent a letter to Council yesterday but wanted to mention that the MainStreet Board of Directors unanimously approved this project as presented and gave a couple of key points as follows:

- This project provides a vital linkage between the businesses on the west side of Coast Highway and the east side of Coast Highway
- The traffic calming effects of the project will foster the establishment and growth of retailers and restaurants on Mission Avenue, east of Coast Highway
- Alternative 3A allows left turns from Coast Highway onto Mission Avenue, which is really important for the merchants west of Coast Highway
- The traffic pattern created by the one-way couplet system will create a new commercial corridor on Seagaze Avenue and activate Cleveland Street between Mission Avenue and Seagaze Avenue
- The plan furthers the goal of creating a walkable downtown
- The project can serve as a mini-stimulus plan. Private investment has come to a standstill in downtown, and the CDC should act immediately to invest available redevelopment funds into downtown improvements
- Mission Avenue is the pathway to future downtown development

On a personal note, he's been involved in downtown improvement for a really long time. We have gone down this path multiple times over the years. It's time to act boldly and get this thing done. We're running out of time with redevelopment. This project has been vetted with an almost unprecedented amount of public input.

Lastly, Kimley-Horn and Associates is a nationally known, award-winning engineering firm that has put this project together. When he sees the work that these guys have put in and the studies and animations, he has faith that this project is going to work for us. He urged Council to push this project forward, take the next step and let's get going on this.

KYLE KRAHAL-FROLANDER, 570 Hidden Canyon Way, asked if there will be time limits and meters on the reverse-angled and parallel parking once this gets done. In general, this is a great improvement for our downtown. It's going to make it a lot nicer and more modern and will really help our local businesses, which is the most important part of this. It would be nice if we could make this part of a larger comprehensive plan for the development of downtown into the future. We've had redevelopment, but it's going out. We need to have a new plan of what downtown Oceanside is going to look like in the future to make Oceanside a modern downtown.

PAT WALLACE, 1901 Bush Street, is one of the seniors who might be involved in the accidents, and she can't imagine anything easier than single lane driving or back-in parking. She can't imagine a better place for seniors. It would make Oceanside a place to come, to be and to live.

CORA FROLANDER, 1931 South Pacific Street, suggested that orange trees might be the answer to plant along this area.

Public input concluded

With no one else wishing to speak, Mayor Wood closed the public hearing.

COUNCILMEMBER FELLER doesn't think there's anything we have that stops people from contributing benches or that kind of hardware to the streets. People have done it all over already.

He asked if staff has any responses to the questions asked by the public.

MS. BAKER responded to anyone who wants to make donations, the more the merrier. That would be a wonderful thing. As far as the trash facilities, we have considered doing dual facilities in terms of making sure we have accommodations for recycling.

In response to the question about cars venturing into the adjacent neighborhoods, we have suggested entertaining some type of signage.

COUNCILMEMBER FELLER moved approval of staff's recommendation for [adoption of **Resolution No. 11-R0789-1**, "...adopting a Mitigated Negative Declaration (MND) and approving a General Plan Amendment to the Circulation Element for the reclassification of Mission Avenue from a Major and Secondary Arterial (four lanes two-way) to a Collector (two lanes one-way westbound) from Clementine to Cleveland Streets – Mission Avenue improvements – Applicant: City of Oceanside"; and **Resolution No. 11-R0790-3** "...approving Regular Coastal Permit (RRP-11-00002) for an Amendment to the Circulation Element of the General Plan to reclassify Mission Avenue from a Major and Secondary Arterial to a Collector and to authorize improvements to Mission Avenue, Seagaze Drive, Clementine and Cleveland Streets – Applicant: City of Oceanside"].

COUNCILMEMBER KERN seconded the motion. In response to the question of how we're going to get people used to one-way streets, he asked staff to tell us about the phasing and how to do that.

DAVID DIPIERRO, City Traffic Engineer, responded one thing we're looking at before we even start construction on this project is converting Mission Avenue to the one-way couplet, as well as Seagaze. Before any construction even begins, we'll go into the conversion to one-way to get people used to it before the construction begins. Obviously, with any one-way couplet system, it requires an abundant amount of signage to help direct people where to go or not go. There will be signage at every intersection directing them which way to go.

COUNCILMEMBER KERN knows we're doing this to enhance business on this street, but he's also concerned about the existing businesses that are there during the construction time. He asked staff to tell the public about how this is going to be phased and how we're going to accommodate the existing businesses.

MS. BAKER responded we have gone through an extensive phasing plan with Kimley-Horn, and we've told the merchants on Mission Avenue that at no given time will there not be access to their businesses. We're looking at doing a phased program where we take only segments at a time, and Mission will always be open and available to through traffic, to the extent that there will always be some form of access to the businesses, either pedestrian access from the sidewalks or some way of people getting to their businesses. No matter what, this is going to be a painful process, but we're going to try to make it as easy as possible for everyone involved. We've come up with a very elaborate phasing program for this.

COUNCILMEMBER KERN stated even on your slides that you're showing about the walkable communities, the signs for businesses are perpendicular to the walkway. Now it seems like they're plastered up against the wall, and you don't really see them unless you're right there. The idea is to be able to stand a block away and see that there's a restaurant down there because of perpendicular signage. We've been kicking signage around for a while, so where are we on that? He would like to have that done by the time we open Mission Avenue.

CITY MANAGER WEISS responded staff had prepared a comprehensive sign ordinance update for the Redevelopment Area. That whole effort was put on hold pending a comprehensive Citywide sign ordinance update that the Council had asked for that was going to include adding in the opportunity for digital monument billboard signs. From a staff-level perspective, we are going to be initiating the digital monument billboard signs with the Planning Commission in January. However, in looking at a Citywide sign ordinance update, we've decided as of yesterday that we will probably be bringing the redevelopment sign update forward sooner because we will not be able to bring a Citywide sign ordinance to you for at least a year because of the effort we're going to be putting into the digital billboard signs.

COUNCILMEMBER KERN stated that's good because by the time we get done with this project, provided we get started on time, that signage will be available to the businesses.

MS. BAKER responded yes. We appreciate the City Manager allowing us to go forward with our sign amendments to the Redevelopment Area. Many of those sign amendments did include perpendicular signs, blade signs and signs that are going to be a lot more visible to cars passing by on Mission Avenue as opposed to looking at them across the face of the business.

MAYOR WOOD stated when this first came up with a one-way street walkable community there were some issues, and he remembers not being very happy about it. He wasn't sure if he wanted a one-way street down Mission Avenue, and one of the

reasons was that North County Transit District (NCTD) couldn't turn their buses around. He sees there is an alternate plan for that. He's never liked palm trees, and he likes canopy trees so he'd love to see beautiful downtown trees. Unfortunately, cities are famous for buying the cheapest trees, which are usually the ones that shed. He hopes we're not going down that path. He hopes we come up with recycling bins or even ad cans, where the sides of the bins are used by the Art Commission or there are directions or public notices on them. We'd like to have the recycling done downtown with a can that looks nice and fits in down there.

He was always concerned that so many people get off the freeway and come into downtown, not necessarily to visit us but because of the traffic back-up on Interstate 5 (I-5). Signage is going to be important to tell people it's a one-way street and other things. He'd love to have a market downtown for all of those people who are living down there and have to drive out of downtown to find a market to shop in. They have some beautiful markets in downtown San Diego that are all brick with mostly underground parking.

He supports this as staff has addressed his past concerns.

DEPUTY MAYOR SANCHEZ has been attending International Livable Cities conferences for the last 2-3 years and has been working towards making our City more livable and more walkable. The thing that everybody is pushing, and this is the real change that she wanted to see, was a separated bike path. She argued for that from the beginning. Our City doesn't need a one-way and narrowing it down to one lane each way would have been fine. However, the fact is that this doesn't go far enough and have a separated bike path, which would be the thing that everyone is trying to do with these livable, walkable cities to make it safe for people to get out of their cars and ride their bikes. That would have been a vision. She can't support the one-way because it makes it even more impersonal. It's halfway there but she can't support it. She challenged staff to go farther and look at separated bike paths and what cities are doing to become more walkable and livable and pedestrian-friendly.

Motion was approved 4-1; Deputy Mayor Sanchez – no.

23. **City Council: Adoption of a resolution establishing parking fees for all pay parking lots including overnight parking and/or camping, increasing fees; and adoption of a resolution amending the Annual Parking Permit Program to increase fees for non-residents** *(this public hearing is continued from November 30, 2011)*

- A) Mayor opens public hearing – hearing was opened.
- B) Mayor requests disclosure of Councilmember and constituent contacts and correspondence – Mayor Wood, Deputy Mayor Sanchez and Councilmembers Feller, Kern and Felien reported contact with staff and public.
- C) City Clerk presents correspondence and/or petitions – none.
- D) Testimony, beginning with:

KIEL KOGER, Public Works Division Manager, stated the item before Council tonight is for 2 resolutions to increase parking fees for all pay parking lots, including overnight parking, as well as increase the annual parking permit for non-residents.

In 1979, the Council adopted an ordinance to regulate parking in the downtown, beach and harbor areas. This ordinance established pay parking lots, rates and hours for parking, as well as metered parking in the beach areas. Revenue derived from the parking lot fees and meters was designed to cover the costs of installation and maintenance of the parking control measures, as well as the costs of enforcing and policing the measures.

In 1993, the Council increased parking fees for all parking lots and meters due to rising maintenance costs, which substantially exceeded revenue. This is once again true

as the majority of the current parking lot rates have remained unchanged for the last 18 years.

In April of 2010, the Council approved an increase to the hourly street parking meter rate. Since the last increase, the City's costs to maintain parking lots has continued to rise and current maintenance, operation, enforcement and administration costs are at approximately \$1,220,000 annually, which includes the debt service on the parking lots. Annual beach and pier maintenance costs are \$546,000 and \$233,000, respectively. The total revenue generated from the parking lots and annual parking permits is currently \$1,140,000. In addition, the City's parking rates are below parking rates for other beach cities within San Diego and Orange County. He used a computer graphic to compare Oceanside's parking rates to other coastal cities.

Tonight we are proposing to raise our hourly rate from \$1 to \$2; our daily rates from \$3 to \$5 and \$5 to \$8; our overnight camping rate from \$10 to \$20; and to increase the annual permit pass for non-residents from \$100 to \$200, but leave the resident pass at \$100. By increasing parking, overnight and annual parking permits to non-resident rates, staff anticipates generating an additional \$571,000 in revenue, bringing the total revenue to \$1,710,000 annually, which will help move towards the goal of full cost recovery. Increasing the annual parking permit for non-residents only will help recover costs of providing services and still allow residents to obtain the permit at the current rate.

Staff recommends that Council adopt the 2 resolutions to increase parking fees for all pay parking lots, including overnight parking, as well as increasing the annual parking permit for non-residents.

Public input

JIMMY KNOTT, 127 Sherri Lane, was contacted by a military family regarding this, and it reminded him of when his parents came here. At that time there were no parking fees, and they actually camped on the beach. The family that he talked with had an issue with this. They told him that this would force a lot of our military families off our beaches because it puts them out of some people's reach to enjoy, especially on a military families pay. These people defend our country and should be given some kind of pass or equivalent to residents' fees.

CORA FROLANDER, 1931 South Pacific Street, drove to Del Mar yesterday and spoke with the people at City Hall. They got complaints from people that 2 hours wasn't long enough to do what they wanted to do. She went through Solana Beach, Encinitas and Carlsbad and didn't see any meters. The \$10 in Carlsbad was a State park. She then drove up to San Clemente, and they had very few parking meters. Today she drove through Oceanside, and it looks like a cancer. It started with a couple, and now she can't even begin to count the parking meters that are out there. We have parking for 1 hour, which is ridiculous. Also, in Del Mar you can use credit cards. When people can't make it back to their cars in time they get a fine, and that's a terrible image for Oceanside. We want to bring people in, and yet we're giving them a negative image. She is totally against the 1-hour parking. We need to be positive and welcome people.

KYLE KRAHAL-FROLANDER, 570 Hidden Canyon Way, is a little bit confused about the numbers he saw in the staff report and newspaper. From what he understands right now the cost is \$1,200,000 and our revenue is falling short by about \$100,000. The solution proposed is to increase the revenue by about \$500,000, which seems like a large overshoot in terms of trying to backfill that cost. Is that because we're trying to do the cost recovery for the parking maintenance or are we trying to fill other holes in our General Fund budget. This is a bad place to try and fill that hole. This is a place that's going to hurt businesses downtown and tourism in our local economy. He urged Council to find other places to try and fill the budget other than off the back of our tourism and downtown businesses.

Public input concluded

COUNCILMEMBER FELLER asked how the machines in the parking lots give change, or do they?

MR. KOGER responded you can pay with a credit card now or with a \$1 bill and it will give you change. We're not talking about meters. We raised the street meters last year from 50¢ to \$1. We're not talking about those meters; we're talking about the actual parking lots. We have roughly 30 of them in the City. About 15 are pay lots, and the other 15 are free lots.

COUNCILMEMBER FELLER asked where the free lots are.

MR. KOGER responded the most expensive pay lots are on the beach, and as you go a block inland they're a little bit cheaper. If you go 2 blocks inland they're actually free. We have several 4-hour free lots that are 2-3 blocks from the beach. So, if you don't want to pay and you want to walk a little bit further, you can get free parking. Also, you can park on a large portion of Pacific Street, which is 1 block from the beach, for free. Some of it has street meters, and some of it doesn't. We feel there is ample free parking downtown.

COUNCILMEMBER FELLER asked how many meters we have.

MR. KOGER responded we have 504 meters and about 30 parking lots.

COUNCILMEMBER FELLER asked if we raise that charge to \$8, how does somebody pay with a \$10 bill.

MR. KOGER responded they would put in a \$10 bill and get \$2 back.

Regarding the annual parking permits, **COUNCILMEMBER FELLER** asked which lots they are good in.

MR. KOGER responded it's good in any lot. It doesn't exempt you from the time limit in a lot. If it is a 4-hour free lot, then you can only park for 4 hours and then you have to leave. But it does exclude you from paying in any of the lots, including the harbor.

COUNCILMEMBER FELLER asked how handicapped affects that.

MR. KOGER responded currently handicapped parking in the lots is free, as well as meters.

Regarding overnight parking, **COUNCILMEMBER FELLER** asked if handicapped pay for overnight parking in the camping lots.

MR. KOGER responded no.

COUNCILMEMBER FELLER asked if they camp for free.

MR. KOGER responded yes. They can camp for 5 nights in 30 days. They can come in and camp for 5 straight days and then they have to be gone until the next month, or they can come 5 different days throughout the month.

COUNCILMEMBER FELLER thinks that's unbelievably generous.

CITY MANAGER WEISS clarified that the resident parking permits are not valid in Lot 20 because of the restriction on that lot from the grant that we received. Lot 20

is specifically excluded in regards to the resident parking permit. Lot 20 is by North Coast Village.

COUNCILMEMBER FELIEN asked what the annual permit pass entitles the holder to receive.

MR. KOGER responded parking in any of the lots for free, except for Lot 20.

COUNCILMEMBER FELIEN asked if that's anytime, 24/7.

MR. KOGER responded the time limits still apply but you don't have to pay.

COUNCILMEMBER FELIEN asked what the motivation is for the out-of-town people to get an annual pass.

MR. KOGER responded if you come here enough, it probably makes sense to buy a permit and it would be cheaper. We do pro-rate the permits. If you buy a permit in July, August or September then you pay the full rate, but starting October 1st they're pro-rated. If you only need a pass for 6 months, you don't have to spend the whole \$100 or \$200.

Regarding the costs recovery in terms of asphalt and maintenance, **COUNCILMEMBER FELIEN** asked if this is something that's being looked at for possible outsourcing to reduce costs.

MR. KOGER responded we basically outsource all of the maintenance in the lots. Any paving, striping, lighting or enforcement is done in-house, but most of the most of the maintenance is done by subcontractors now.

COUNCILMEMBER FELIEN asked if there is no way to reduce costs without impairing the quality of the lots.

MR. KOGER responded no.

DEPUTY MAYOR SANCHEZ read the staff report that talked about the costs, and it looked like our annual costs for this year for the parking lots in terms of maintenance, operation, enforcement, administration are about \$1,220,000, plus beach and pier maintenance costs are \$546,000 and \$233,000 respectively. That's a total cost of \$2,000,000. If we approve this it will raise it \$571,000, so we'll still have a gap of \$289,000. She came in thinking that instead of going 100% we should go 50%, but having seen the email from Caroline Kramer and looking at the fact that we're still going to have a gap of \$289,000, perhaps this is what we need to do.

She **moved** approval [of adoption of **Resolution No. 11-R0791-1**, "...establishing parking fees for all pay parking lots", including overnight parking and/or camping, increasing fees; and adoption of **Resolution No. 11-R0792-1**, "...amending the Annual Parking Permit Program" to increase fees for non-residents].

MAYOR WOOD **seconded** the motion. He is concerned that we keep pace with all of the other beach cities; we're not trying to rip off our citizens, Camp Pendleton or the military. Camp Pendleton has the best beach facilities in Southern California, and they're all free. He's been down to the Harbor lots, and people are selling their tickets when they're leaving to someone coming in for a cheaper price. He hates to see anything increase because of the economy and how people are hurting, but we still need to pay our bills and the upkeep that we have.

CITY MANAGER WEISS stated by way of background, that part of what was driving this was the sand replenishment project. There was some discussion of having those costs be borne by everyone within the region. That was eventually rejected, and

just the coastal cities are on the hook for paying that. It was mentioned at that time that Escondido derives as much benefit from the sand on our beaches as we derive from the Wild Animal Park, and yet we're on the hook for about \$600,000 for a beach replenishment project that benefits a lot of people who don't live in Oceanside.

That's one of the reasons we're keeping the discount rate for residents the way it is and raising it for people from outside the City. If there are surfers in Vista and Escondido who come to the beach on a regular basis, it will be cheaper for them to buy an annual pass. Part of this is making sure that our residents are not overly burdened with the costs for beach maintenance. The numbers that are in here are just for the annual costs. It does not include lifeguarding or what will eventually be ongoing costs for beach replenishment. If you recall, part of that \$600,000 was this particular project, but there's going to be a SANDAG presentation of ongoing costs going forward.

One of the things we need to keep in mind is, although our residents have a benefit to this, there is a cost to the City. Part of what we're trying to do is come up with a reasonable proposal to start that cost-recovery process. One of the emails we received recommended going from the \$8 to the \$10. All of our machines, as they do get replaced, will eventually be credit card compatible. We are looking at the downtown meters being converted to automated meters. The meters in the downtown area are all west of the railroad tracks, and the on-street parking is not restricted to 1-hour parking. You pay for one hour at a time, but you can get more than one hour. The same thing with the lots, they are not restricted, with the exception of overnight restrictions. There are areas in downtown that are not metered that do have time restrictions, and that was the result of a series of efforts with the downtown businesses and MainStreet, insuring that there is turnover on those lots.

COUNCILMEMBER KERN is still struggling with this. His concern is for the young families who bring ice chests and umbrellas and corral the kids down to the beach, or the seniors who bring their grandchildren; parking 4-5 blocks away just isn't practical. He doesn't know if he's there yet on this item. We do want to make this a family-friendly city, and we don't want to keep raising our rates in a race to keep up with other cities.

COUNCILMEMBER FELIEN stated we're doubling the fees across the board, but we're only projecting about a 50% increase in revenue. What are you attributing the leakage to?

MR. KOGER responded it's a hard thing to gauge but there is free parking in the area so some people will probably not want to pay those rates and will find the free parking.

COUNCILMEMBER FELIEN asked if, in terms of the current usage, these pay lots are usually full. If we raise these fees and have the leakage of people going to the free lots, are we going to see the pay lots still full.

MR. KOGER responded it's a seasonal thing. In the summer you'll have a lot more people than in the winter, but we think we're still going to have just as many visitors and people parking in the lots.

COUNCILMEMBER FELIEN asked if staff has received any feedback from the town businesses worried that these increases will keep people out of the downtown area.

MR. KOGER responded no. Like the City Manager said, all of the pay parking is west of the railroad tracks, and all the free parking is east of the railroad tracks. They have a lot of free parking near their businesses.

DEPUTY MAYOR SANCHEZ got a chance to ask the City Manager if this is

going to impact boaters who go out fishing, and he assured her it's not. She asked if there's going to be any opportunity to change our current meters over to where we have one machine at the end of the block and we can use credit cards. As it is now, we can only pay for one hour at a time.

MR. KOGER responded we've looked into it. It's a real expensive technology, and the rates would probably need to be higher than they are now to pay for it and make it cost-effective. It's something we're looking at in the future. As far as putting a meter at the end of the block, it's missing the visual thing; when someone pulls up in front of a meter they pretty much know they need to put money in it. If it's at the end of the block, it's hard to steer people in that direction.

DEPUTY MAYOR SANCHEZ stated the California League of Cities likes to meet in Portland because they showcase it as one of the livable cities with separated bike paths, etc. and they do have the separate meters at the end where they can use a credit card. But you also see the parking enforcement car not too far away, and there's a lot of signage.

Motion was approved 4-1; Councilmember Kern – no.

MAYOR AND/OR COUNCILMEMBER ITEMS

24. **Request by Councilmember Felien for an update from staff regarding the status of placing a crosswalk next to El Camino High School on the corner of Via Rancho Road and Vista Entrada**

COUNCILMEMBER FELIEN has had a lot of requests for this item from citizens who have kids that attend El Camino High School and drop them off. Seeing the crowds that are there and the safety of the kids, it looks like a lot of this has been addressed by a memo put out on December 5th by our City Manager and the Police Chief.

CITY MANAGER WEISS stated the Traffic Engineering staff and the Police Department got together and the recommendation is to install a crosswalk at Vista Entrada across the street to the sidewalk. That work will take place in the middle of January. It's not just the crosswalk, but we have to add an additional pedestrian ramp on Via Rancho as well across the street, which will also eliminate 1 parking space. That will provide a crossing for children.

As a warning to kids, paint does not stop cars and does not relieve you of the obligation to look both ways before you cross. As an additional warning to parents, one of the biggest complaints we were having in regards to pick-up and particularly drop-off in the morning, is parents who are on Via Rancho stopping in traffic or on the side between what would be Vista Entrada and Rancho del Oro. Should they continue to do that, it will still be a violation, and if the kids cross mid-block between that crosswalk and Rancho del Oro, that will also be a violation. Although we will put the crosswalk in, it will require parents to go into the neighborhood, drop their kids off and have them cross at the crosswalk. That work should be done toward the end of January.

COUNCILMEMBER FELIEN is looking forward to that. Having had 3 kids who attended El Camino High School, he can certainly attest to the pedestrian and driving challenges going through those streets. This crosswalk and the other items that were mentioned will be a big help for safety in the area.

[Recess was held from 8:07 PM to 8:15 PM]

25. **Request by Deputy Mayor Sanchez for a presentation by the San Diego Solar Coalition regarding SDG&E's proposed Rate Hike; direction to staff**

DEPUTY MAYOR SANCHEZ requested a presentation by the San Diego Solar

Coalition regarding SDG&E's proposed rate hikes. At the last meeting SDG&E was present and agendized so they had their time to present their statements for the proposed rate hikes regarding solar rate payers. She thought we should give equal time to the San Diego Solar Coalition because solar is actually a big economic interest in this County. We are supposedly the solar capital of the country, and this is going to directly impact whether or not we will meet our goals for solar energy in terms of rate hikes. She introduced Daniel Sullivan to give the presentation.

DANIEL SULLIVAN is representing the San Diego Solar Coalition and is the President of Sullivan Solar Power. We would like to give you our perspective on what SDG&E's rate hike presents to the region as it relates to solar power installations.

Two weeks ago SDG&E made arguments saying that solar producers are not paying their fair share of using the grid, that they are subsidized by non-solar customers and people who don't have solar have to pay more to allow solar customers to maintain service. They also haphazardly make the argument that only the affluent go solar; that solar is an unreliable source of energy; and that it's intermittent and difficult to manage the grid when we have so many systems in our region. As a result, SDG&E is proposing a rate increase so that we can create a sustainable future for solar, as they phrase it, and SDG&E says that this is necessary to support Governor Brown and the State's bipartisan support renewable energy goals.

In order for us to truly understand what this means, we took the California Center for Sustainable Energy's (CCSE) analysis of what would happen after this rate case goes through, should it go through. The CCSE is an independent third-party with no axe to grind in this rate case. Their numbers have been validated by SDG&E, and they are spot-on accurate. When SDG&E says they want to do a rate increase and are going to introduce new charges to solar customers. Translated for a typical solar customer that has spent \$20,000 to \$30,000 to go solar, it means they're going to see a doubling of their annual electric bill. This isn't a 5-10% increase; this is a doubling of their electric bill on an annual basis. For a homeowner who has invested \$20,000 to \$30,000, they did so with the expectation that they will have a secure investment horizon for the next 20 years so they can recoup their investment for doing the right thing and helping contribute renewable energy to the grid. This eviscerates their economics for going solar. As you produce more power and provide more power to the grid, which is used by the next door neighbor, it's going to cost you more and more. The more renewable energy you provide to the grid, the more SDG&E is going to charge you for the privilege of providing that energy.

What is often ignored is that it's not just the residential ratepayer that's going to get hurt by this. For schools or anybody on a similar rate structure as the school systems, the increase is no less adverse. A computer graphic was used to demonstrate an actual school in SDG&E's territory. Currently they are spending \$10,000 and are going to have an additional \$8,000 per year in fees that SDG&E is going to charge them for providing energy to the grid. When you look at an individual school, that might not be all that bad. If you aggregate all of the schools in this region together, the school districts are going to see rate increases between \$1,000,000 and \$3,000,000 combined on an annual basis. Our school districts are currently struggling to pay their teachers, let alone their electric bills. This is a horrible idea at this time.

In addition, water districts have made substantial investments in solar power because moving water around this region is incredibly expensive. For a water district to put in a 500,000 watt system, which is a relatively large system for distribution and generation, currently they are paying \$47,000 a year for their fees to be interconnected to the grid. They aren't getting a free ride, they're paying money right now. With this new rate design in place, they're going to pay an additional \$85,000 a year. When you take all of the water districts together, this represents an impact to the region of millions and millions of dollars. It's not the solar producers who are going to get hurt here; anyone who uses water, has a kid in school or pays taxes is going to be adversely impacted by

this rate case.

Because the numbers from CCSE are so bad, the financial impact to solar customers, schools and government is going to make it so that schools and government entities are not going to want to go solar anymore. It's going to make more sense for them to continue to use dirty energy. It's going to make it impossible for San Diego to reach their solar goals, and it's going to result in the loss of our leadership status in this country as the solar capital of the United States. In addition, the complexity of this new rate case will make it virtually impossible for anyone considering solar to truly understand what the benefit of going solar would be. As a result, it will have an adverse impact on the solar industry.

The solar industry employs over 30,000 in the State, many of them here in San Diego County. In this region there are over 100 companies that specialize specifically in solar, and over 2,000 families are supported by this industry. It is the fastest growing industry in the United State. We are in one of the worst economic downturns in recent history, and this is the one bright spot in our economy. It grew by over 60% last year alone, and this is not something we want to tinker with. If it's not broken, don't fix it.

The San Diego solar industry has deployed over 14,000 solar-powered systems in San Diego. Combined, these systems represent over 100,000,000 watts of power, which is a substantial amount of power. When you combine them all together, it acts like a 'peaker power plant' that's valued at over \$500,000,000 in private investment. SDG&E didn't spend a dime for this peaker power plant; they didn't buy the land, build the plant, hire people to operate that plant, enter into a long-term power purchase agreement for the energy, put in a substation or put in transmission lines and yet they like to go around saying that the solar producers are being subsidized by the non-solar producers. The reality is the solar producers are subsidizing SDG&E.

A computer graphic was used to show a 100 megawatt plant in the desert which is essentially a gift to SDG&E that acts like a peaker power plant that they did not have to pay for. This matters to Oceanside because you have over 200 systems installed in this City, which combined is over 1.7 megawatts of clean energy and represents over \$10,000,000 in private investment within the City boundaries; 27 of them are commercial systems; 177 are residential solar systems; and there is one installation pending for a government installation. Solar allows us to be energy independent and prevents this City and all cities in the region from exporting U.S. dollars to unstable rogue nations that would like to see our demise. It supports our national and regional economy with good local jobs.

SDG&E likes to put out numbers saying that solar producers cost non-solar producers so much money, but there's no back-up to substantiate that. In a typical scenario, without solar involved, the energy is coming out of Mexico from a liquefied natural gas power plant and gets transmitted over hundreds of miles of transmission lines. SDG&E charges the typical customer 1.6¢ for transmitting that energy from the power plant to the distribution substation in the neighborhoods. The voltage is then regulated, and they ship it out into the communities across distribution lines. Those distribution lines carry a charge of 8.8¢ for every unit of energy delivered to the home.

When we introduce a solar power system into the region, things change. Currently there is less than 1 solar power system per 1,000 rate payers in SDG&E's territory. With a solar power system, during the day it produces power; that power gets pushed out onto the grid, the distribution system; and that energy flows to the next door neighbor on either side of the house or just slightly down the street. Solar uses about 260 feet of those feeder lines. The distribution feeder lines are over 5 miles long or 26,000 feet. The transmission system is not used at all. This is what happens when there is a solar system in a given neighborhood.

We're using 260 feet of SDG&E's 26,400 feet of distribution lines, which is 1%.

If you take 1% of the cost of the charge that they apply to the typical consumer, that means that the cost to SDG&E is \$.0008 for every kilowatt hour delivered by a solar power system. If you do the math, for a typical system it costs SDG&E 21¢ per month. We took a couple of our customers and looked at their residential load profile, using SDG&E's smart meter data. A computer graphic was used to show that when a customer is consuming power at night time and pulling power from the grid. When they are pulling power from the grid at night when the solar system is not on, they are paying for that. They have to pay for the use of that energy. During the daytime the system kicks on and pushes power out into the grid, and SDG&E gives them credits for that power, as they should because they are providing a service to SDG&E.

Translated into numbers, they are going to export 10 kilowatt hours to the grid per day on average. At 8.8¢ per kilowatt hour exported, SDG&E charges the neighbor for that energy. The captured distribution charges represent \$29.16 per month. This is a real-life case study. The captured transmission charges, keeping in mind the transmission system was not used, are \$5.30 per month. The monthly revenue to SDG&E represents \$34.46 for this customer. The cost to SDG&E, which is their justification for this rate case, is 29¢ for this customer. The avoided cost to SDG&E is \$34.17. This is simple math based on smart meter data with their rate cards used to develop this. For SDG&E to come in and say that solar producers are costing them money that other non-solar producers have to cover, is absurd. We looked at multiple systems in the region, and the numbers substantiate that in every instance. SDG&E is generating revenue from solar power systems that exceed their costs.

It is our contention that this rate case is completely baseless and disingenuous. When you take all of the systems in the region, 14,000 systems, and you figure out how many hours they're going to operate per day, take the total amount of watts, and you figure out how much energy it produces, times their captured transmission charges, and times their distribution charges, the total revenue to SDG&E is \$18,000,000 per year. These solar power systems reduce SDG&E's costs by \$18,000,000 per year. They are not increasing their costs; they're reducing their costs.

The myths are that solar puts demands on the grid and solar producers don't pay for this demand. With math, we just demonstrated that is completely false. SDG&E is claiming the average customer will be paying \$11-\$22 per month for additional network use charges, that's the charge they want to apply to solar customers. Per CCSE's analysis that is false. They say that solar producers are being subsidized by non-solar producers, and that is false. They claim that solar producers' output is intermittent, that it makes the grid difficult to run and stresses the grid. The reality is that solar power outputs when we need it the most. It produces the most amount of power when we demand the most.

Two weeks ago SDG&E claimed that this is an 18-36 month process and that we have all that time to do the analysis and figure out what's really going on. That's simply not the case. The ruling on this rate case is expected sometime between August-October of 2012. That's 8-10 months from now that the PUC is going to rule on this and decide whether or not the solar industry, as we know it today, is going to continue to exist. This is an immediate issue that needs your immediate attention.

If this goes through, it's going to turn back decades of statewide and regional efforts to reduce fossil fuel consumption. It's going to change the rules for the many people who have invested millions and millions of dollars to go solar, including the cities, non-profits, water districts, school districts, etc. New sales in the solar industry won't have a chance. His company and other companies in our coalition have had our phones stop ringing, and we aren't getting new sales because people are scared. This rate case has had a chilling effect on this industry. This is going to kill growth and jobs when we're in an economic downturn. This is not good policy. If this goes through, then 6 months later you can say goodbye to the local solar industry and our ranking as the top solar region in the country.

Solar power has been at the forefront of the California Energy Policy since the first time Jerry Brown was the Governor. The fact is that this is an illegal rate case. The Utility Consumer Action Network (UCAN) came out and stated that, according to CPUC 2827g, this is illegal because they are applying a charge to solar producers that is not equally applied to everybody else. This hurts California's fragile economy, hitting hardest in this region, and it sets a dangerous precedent for other utilities. If SDG&E succeeds here, Southern California Edison (SCE) and Pacific Gas & Electric (PG&E) are going to do the exact same thing. Precedent will be set, and it will wipe out the entire State's industry.

We're asking Council to join those who are in opposition, including WalMart, Sam's Club, Solana Beach, Lemon Grove, Poway Unified School District, almost every water district in the region, San Diego Solar Coalition, Solar Alliance, Greenlining Institute, Sierra Club, San Diego, Chula Vista, CPUC Division of Ratepayer Advocate and the UCAN. This is not a conglomeration of people who don't know what's going on, it represents some very intelligent people who have recognized that this rate case is completely unacceptable.

The bottom line is that this violates State legislative intent, costs jobs, runs contrary to 20 years of good public policy, will kill the solar industry in the State, hurts all sectors of the economy – not just solar producers – in increased fees for water bills and taxes and decreased services for the benefit of a monopoly. We are asking Council to pass a resolution in opposition to this rate case as soon as possible. We have 8-10 months to kill this thing. If they don't succeed at the PUC, SDG&E is going to be going to the State legislature. That is why your resolution in opposition is so key. We as a region need to come out with a strong voice in opposition so that the Assembly and Senate know that this will not be tolerated, and they can kill it at the legislature as well.

Public input

JOAN BRUBAKER, 1606 Hackamore Road, stated the CPUC was here in Oceanside, and a number of people testified against SDG&E. There were 4 or 5 people there who were solar generators, as she is. It is absurd to have this sort of thing happen. If it happens, it will kill the solar industry. It was only a short time after the hearing was held here that she read in the newspaper that SDG&E's return to their shareholders for last quarter had doubled from what they expected. That doesn't sound like a company that is in distress financially. This is just an idea to capitalize and probably kill an industry that's cutting into their margin.

JC THOMAS, SDG&E, 8330 Century Park Court, San Diego, wanted to reinforce some of their points from a couple of weeks ago. SDG&E is committed to renewable power. We have a goal and a mandate of meeting 33% by the end of this decade, which is an important feature for us in terms of serving all of our customers, 1,400,000 between San Diego County and South Orange County. We also have a commitment to large, medium and small-scale solar. We have installed over 25 different rooftop solar power plants throughout the County that's generating power to the grid. We believe that's an important part of our resource heading into the future.

If you look at the past 100 years for utilities, things are changing and we're at the cusp of that transition today. We used to produce power from large central stations, transmit it over power lines and serve homes and businesses. More and more our customers are filling that first role of generating power themselves, but we want to be able to provide the services that we're providing today to those customers who have rooftop solar, of balancing and voltage, making sure that the lights come on when it's a rainy day or when they come home at night. We have a system in place and we need to make sure that we get paid for the services that we provide.

Part of that transition to the future is trying to make solar energy sustainable for

everyone so that customers that don't have solar are not burdened with all of the costs of paying for the infrastructure that we all benefit from. We want to make sure that solar continues to grow in the long-term; that's part of our plan to make sure that happens for us in San Diego and that we remain a leader on that forefront.

SDG&E has not validated CCSE's numbers that Mr. Sullivan showed, and we don't agree with those numbers. We plan on meeting with CCSE to make sure we have that straightened out.

Regarding the existing customers and the question of whether we can grandfather them in because they've made the investment in rooftop solar, that's an issue that will be taken up by the PUC. We are open to anyone who has any other ideas on ways in which we can insure a smooth transition because continuing to do nothing or not making a change will not insure the long-term growth of solar.

DAVE GERSZ, Stellar Solar, 1225 Island Avenue #402, San Diego, is a member of the Solar Coalition and wants to discuss SDG&E's program called Share the Sun. The previous speaker stated he's interested on comments, but SDG&E never came to the solar industry before they proposed this rate case. Now there are tons of people, as shown in Mr. Sullivan's presentation, that are fighting this rate case and spending millions of dollars on it. All they needed to do was come to us beforehand and ask us if this rate case would work, and we would have said no.

There are other ideas that we have. Specifically, SDG&E says that solar customers are mainly the wealthy, and the rich are subsidizing the poor. He has a study that states that 2/3 of California solar installations are in medium income zip codes so that is not true. They say this is the reason they created the Share the Sun program, to make solar more equitable for everybody.

He went to their only informational meeting with a large group of solar installers that was held after the general rate case was proposed. We were excited about this new opportunity, until we heard about the details. What SDG&E wants us to do as solar installers is go out and find land to rent, do all of the environmental and civil surveys to get through the red tape, get this power to the grid, and then sell off small chunks of this power to renters or people who can't put solar on their homes to make it more equitable. SDG&E admits that the energy will be more expensive to these customers.

He's sold over 100 solar systems in San Diego and people do not buy solar panels to get green energy. They buy it because it's an economic investment. For SDG&E to say this power is going to be more expensive but at least it's going to be green, obviously they've never sold a solar system. They've never talked to us about whether this program will work. Not one of us in the solar industry walked out of that meeting excited about this program. We feel it's a Trojan horse and a distraction from their general rate case.

He commended SDG&E for exploring these options, but this program is just not going to work. He also finds it suspicious that the Share the Sun program was not included in the general rate case and that they didn't discuss this with the solar community before. He encouraged Council to oppose this rate case.

TARA KELLY, Sullivan Solar Power, would like to address a few things Mr. Thomas said earlier. First, SDG&E needs 33% solar is true, but the rate case doesn't have to do with that. SDG&E installed solar to meet their RPS (Renewable Portfolio Standard), not because they wanted to. He also said things are changing and that we need to adjust. However, if you look at Germany they have 20% of their power coming from solar, and we have less than 1%. Lastly, he said that the CCSE numbers were not validated by SDG&E, but Peter Hamilton of CCSE has met with SDG&E for over 3 days and changed his numbers and personally told her that he has been signed off and all of those numbers have been validated by SDG&E.

She is a recent graduate from San Diego State University with a career in the solar industry and feels very fortunate to have a job in this tough recession. She also feels fortunate to have a job she loves. She wakes up looking forward to going to work knowing that she can help San Diegans not only declare energy independence, but support the national economy, produce clean reliable energy and save money by going solar. If this rate case passes, SCE and PG&E will follow suit, killing the solar industry in California; the bright spot in this dim economy. We will say goodbye to 200 local solar power companies and Governor Brown's renewable energy goals, while hurting the 2,000 San Diego County families supported by this industry. As pointed out by the CCSE study, we would also see school districts, water districts, cities and residents paying more each year in addition to the jobs that will be cut.

There is a reason the opposition to this rate case ranges from the Sierra Club to water districts, school districts and organizations representing lower-income groups, as well as the CPUC Division of Ratepayer Advocates. SCE and PG&E are the only organizations supporting this rate case. There's a lot at stake here for the State as well as for Oceanside with this rate case. Oceanside has 1.7 megawatts of solar installed, and it's a great accomplishment for a city to have residents and businesses going solar. As a green leader in the County, you have the power to influence other cities in the County to join the list of those who oppose this case. She asked Council to please pass a resolution in opposition to SDG&E's general rate case phase II filing.

SCOTT MOTHERHEAD, Herca Solar, 580 Airport Road, stated this is a monumentally bad idea. SDG&E makes a ton of money off of solar and it's fairly obvious that they aren't losing a dime. So why are they throwing a wrench into it? For the money. They have a 3-step process they are trying to do here. They're going to try and change the rate structure, destroy the industry, and then take the industry over. They want to destroy our industry because they want a piece of it. It's about money. They've pulled this in the past and their going to try it again. They did this to co-generation 7 years ago; they pulled the exact same play.

He predicts that when the Share the Sun program finally comes to life it will have a generation fee in it. This is very predatory in his opinion.

DENNIS LINT, 1212 White Sands Drive, San Marcos, is here in opposition to the SDG&E proposed transmission rate hike. He has 3 arguments against this proposed 200% increase that SDG&E is asking for importing and exporting transmission costs, but he feels each argument on its own is compelling enough to reject the proposal.

First, he signed a net metering contract with SDG&E approximately 2 years ago. The proposal to increase transmission costs is in breach of this agreement. He used those rates for his financial analysis in purchasing a solar system and to become energy independent. Even though the financial justification was very modest, the decision to purchase would never have been made without that modest return, coupled with the environmental benefit of producing energy with renewable energy. Passing this increase on would crush the solar industry and cause another opportunity for lost jobs in Southern California.

Second is discrimination. There is little or no cost incurred by SDG&E in providing me the ability to export electricity. Why are they trying to making solar producers pay more than the rest of the customer base?

Third, SDG&E is inconsistent and wants it both ways. Residential solar systems output peaks at approximately the same time of day as peak demands on SDG&E's overall grid. This is a time where we expect we are exporting the most energy, hoping it's just the right time to lower SDG&E's own peak output needs. Proof of this value is that SDG&E is paying him \$276 per year to be a demand response customer, where they are able to control and cycle his air conditioner in peak demand. The bottom line is

they want to charge him more for the ability to export energy when they need it and value it the most and turn around and pay him a very low rate for his energy.

Finally, per Jeff Martin, President and CEO of Sampras Generation, there are 10 great locations in the world for solar, and the American southwest is one of them. Let's not let this opportunity fall between our hands.

JIMMY KNOTT, 127 Sherri Lane, is a Utilities Commissioner for the City. The Commissioner met yesterday and we found out that we were supposed to have a solar array going in at the San Luis Rey plant. That is now frozen and may have to be cancelled because of this rate case by SDG&E. It sounds like SDG&E is imposing a fee on us to increase our ratepayers' costs. This plant was supposed to offset some of the operating costs for our citizens. Now they're trying to deprive our citizens of this opportunity. It's like telling the citizens that SDG&E doesn't care about them. What they're doing doesn't make any sense and they are punishing everybody in the County. This isn't fair to our ratepayers or our City, and the City should take an action against them and represent every ratepayer in this City. He urged Council to adopt a resolution and let it be known throughout the State that we stand with those other agencies in opposition to this.

Public input concluded

DEPUTY MAYOR SANCHEZ stated about 8 years ago there was a big push by Oceanside residents for solar to try and take advantage of some of the programs. Most of the residents who came forward who were looking into getting solar were seniors who were interested in lowering their costs. Their issue was how to reduce the costs because as seniors they couldn't just say they would pay it off in 20 years. No one was going to give them a 20-year loan. What ended up happening was the County stepped in and put it on the property tax, which could be passed on if you bought a house with solar. That made it easier for an investment for the infrastructure. However, our seniors wanted the City to be more aggressive in helping them get solar on their roofs in order to lower their costs. She doesn't think we had a green conversation; it was having to do with lowering costs. She doesn't see how raising the costs to use solar is going to get us off using fossil fuels. She asked Mr. Sullivan if he wanted to respond to anything said.

MR. SULLIVAN responded on that matter, the people who went solar for purely green reasons have done it already. They were the early adopters, the people with a disposable income and the same people who bought the first Prius' and electric cars. It's mainstream now; 2/3 of new installations are being done in median-income communities. It's moving toward being more mainstream like all technology does. The first cell phones that came out weren't going to be found in low-income communities, and now they're everywhere. Solar technology is moving in that direction as well. Many of our customers are retired and on fixed incomes. They aren't poor, but they have a fixed income and this was a calculated decision that they made to invest in something that appeared to have secure investment horizon. Why it had that appearance is because it enjoyed bipartisan support at all levels of government. It was clear to anybody, including the business owners who started businesses, that this is the next phase of our energy infrastructure development, so everyone moved forward. Now this is a massive step back.

Addressing what Mr. Thomas stated about the validation of the CCSE numbers, he apologized that Peter Hamilton from CCSE is not here tonight; he couldn't make it. He did consult with SDG&E personnel who are intimately involved with this rate case and validated the numbers. Two weeks ago in our public statements we had the same graph that we just showed with a slight difference, which was in the water district calculation. It's still almost as egregious as it was 2 weeks ago, but it's slightly adjusted. That adjustment came from consultation with SDG&E personnel. These numbers are validated and are real. Because they're so bad and such a massive hit to this region, we

really need all of the municipalities coming out against this. We had many more speakers 2 weeks ago because we knew SDG&E was going to be here presenting their case, and everyone came up to the podium and asked Council to oppose this. These were people from your constituency. We are asking that you do exactly that. Nobody here is speaking in favor of SDG&E or saying their numbers are valid. You should be at the table and have your voice be heard.

DEPUTY MAYOR SANCHEZ believes that we need to be a voice on behalf of our ratepayers, businesses as well as residents. We also have some solar businesses. If this goes through, it will be a big hit to our local economy, and in a bigger way the San Diego region. San Diego being the solar capital of the country, this will set us back in every way. She doesn't have a resolution prepared today but it is her intention to bring a resolution to the next Council meeting and ask Council to support this resolution in opposing this rate hike. At the last hearing we heard it was going to be months and we were going to have time to look at this. Now we're hearing it may be only an 8-month period of time and that's not a lot of time in terms of these things. She doesn't know if we'll have a chance to or if there is a desire above and beyond the 2 meetings that we've had for any other workshops, but it seems clear that this is going to be a huge negative impact on our City and that is something that we cannot afford.

COUNCILMEMBER FELIEN has read that solar companies are guaranteeing rates as part of the program, so he asked Mr. Sullivan if SDG&E gets this proposal to change the structure and how costs are allocated to solar, would that be a huge impact on your company? Would it bankrupt it? He understands that small companies are offering this guarantee on the assumption they are going to have a steady rate structure from SDG&E. Is he correct that it wouldn't necessarily be seen directly by the customers but it would undermine the financial strength of the solar companies that are selling these programs.

MR. SULLIVAN responded it will impact the solar customers and the companies. It will impact every aspect of the solar industry, from manufacturing to finance. There are many different ways that a person can go about procuring a solar power system or solar energy. You can buy the thing cash and not have to worry about any kind of long-term agreements or guarantees. You can finance it through a typical loan, like a home equity line or a second mortgage with no guarantees, etc. You can lease a system, which is becoming very commonplace in the market today. About 50% of new sales are leased systems in the industry.

The way a lease system works is the lease company, a third party, will own and operate the system and have the customer pay them a given monthly fee; maybe \$150 per month. That fee is what they're paying where they used to pay the utility \$200 for the same energy. Enter in this new network use charge and this person who's paying \$150 to the third party financier is now paying \$60 to SDG&E for this network use charge, which often is the case for a medium to large-sized system. Now they're paying more than the next door neighbor who doesn't have solar on a monthly basis. It's insane in that they are providing energy to the grid but the next door neighbor is just consuming that energy, which SDG&E generates revenue from, but it costs them more to operate it. In answer to the question, this will cause a massive ripple effect throughout the industry, and these thousands of people who have gone with leased systems are now going to pay more than the guy who doesn't have solar.

It's going to be a massive black-eye to the industry and will eventually kill it. If you can't sit down with a potential customer and explain to them in clear-cut terms the cost benefit and analysis of going solar, you're not going to sell it. When nobody is buying your product, then you're done. He is legitimately scared for his business. He has 60 employees, and the average income at his company is over \$60,000 a year with benefits. These are good high-paying jobs and highly skilled individuals. He's fearful that if this goes through, the majority of them are going to lose their jobs. That's just his story, but it's going to go through the entire industry in SDG&E's territory. Then it

will spread like cancer to the rest of the State. It is a very severe issue.

COUNCILMEMBER FELIEN stated, in terms of SDG&E's proposal on the solar cost allocation, do you agree with them that to SDG&E its revenue neutral and that the debate is simply over who should pay, but the revenue stream to SDG&E would be the same?

MR. SULLIVAN responded the reality is that the energy that's being used next door, if that solar producer wasn't there, SDG&E would have to bring that in from hundreds of miles away. They no longer have to do that when you introduce solar into the grid. However, they are still able to charge the full rate. It's our contention that there are millions of dollars of avoided costs as a result of all of the systems that have been deployed. What really is at the core of SDG&E's argument is they expected to get a certain amount of money and now they're only going to get this much money. That doesn't make their shareholders happy. They want to capture that money again.

To put it into perspective, forgetting about solar for a minute, let's say that your bill is currently \$300 per month and your wife doesn't like that so she starts yelling at you to change out the appliances, put in dual paned windows and reduce your consumption. You're going to lower your monthly bill to \$80 per month through energy efficiency; you are acting just like a solar producer does to SDG&E, with the exception that you're not providing power to the grid. As a result, that revenue that you were supposed to be giving to SDG&E, as they like to say, they now need to get from somewhere else. So it's a complete bag of garbage they're putting on the table. Why aren't they going after people who exercise efficiency or people who live in small homes because they're not paying their fair share? Their 'fair share' is defined as they expected a certain number of dollars as their revenue projection growth, and that's what they presented to their shareholders. If the solar industry continues to grow at 60% per year, their revenue share is going to drop and the shareholder's share is going to drop. Now they aren't going to be looking as profitable as they did before where they're posting massive profits year after year. It's a complete fabrication and has no basis in reality. The answer is no, he does not agree with them.

COUNCILMEMBER FELIEN asked if at night, when they're basically a regular customer, is their cost structure the same as the average guy on the street. The dispute is about what's going on during the day. Is that right?

MR. SULLIVAN responded putting it very simply, that is correct. At night you're pulling from the grid, and you have to pay for that energy. Many customers that go solar do not get rid of their bills; they still have residual bills. That residual bill represents what they consume, so they do pay for that. It's a misconception that they don't pay anything. Even if they do produce 100% of the energy they consume, via net metering you produce the same amount of energy as you consume, you still have to pay them \$5.10 a month for having the meter. That fee is to cover the trouble call center so you can call them up and say the power is out, etc. They're still getting a fixed fee for their fixed costs in addition to the avoiding costs that they're realizing off the 14,000 systems. When they're consuming, they're paying the same as someone who doesn't have solar.

COUNCILMEMBER FELIEN is trying to understand who's making sense here because there is no common agreement at all in terms of how the infrastructure is used by SDG&E. He asked Mr. Thomas if he feels that Mr. Sullivan has a point that all of the solar power is being provided during the peak usage times.

MR. THOMAS responded the solar power is being produced during the day. Our peak for our system is at 3:40 – 4:00 in the afternoon when the solar power production is tapering off, especially in the winter when it gets dark before 5:00. It has a benefit regionwide; it produces at 12:00 or 1:00. It also produces in the morning a little bit and in the afternoon. Our residential peak is at 7:00 or 8:00 at night, which is

when the solar panel is not functioning at all. There is an issue of inequity there of what's happening when the power is being produced.

COUNCILMEMBER FELIEN stated the point Mr. Sullivan was making is as a result of that SDG&E was saving the ability to have to construct enough facilities to handle peak power usage. If you're saying that solar is tapering off at about 4:00 and your peak overall is from 5:00 to 7:00 PM, does that mean you'd have to have all of the peak facilities you'd otherwise have regardless of what the solar usage is.

MR. THOMAS responded yes. We have to have back-up for our solar that's installed in San Diego County because the solar can go out at a moment's notice, and we're required by law to serve every customer reliably and have those capacity resources available to them for a rainy day, a cloud going over or the nighttime. We all pay for that; that part is paid for by all of our customers.

If you want an independent source of information, the PUC would answer any of your questions that have to do with how much an SDG&E customer is paying today who doesn't have solar for the use of the system, how much the solar customer is paying today for using the system and whether or not our proposal is revenue neutral. We believe it is. We don't collect any more revenue from our customers. It has no impact on earnings and is really a redesign of our rate structure just like you do with water and telephone rates.

COUNCILMEMBER FELIEN knows there's a whole debate on whether or not we should be subsidizing solar and what benefit that has to the environment beyond the scope of this. If someone is sitting at home deciding whether or not to go solar, he would emphasize that they should have some grandfather structure in so that when people sign up they're having a foreseeable rate structure over the life expectancy or at least some portion of the life expectancy of the investment. It would make it very risky to put in a solar facility and then suddenly have the rules change 3-5 years down the road. He wouldn't consider solar under that environment. If there's a social policy to want to encourage people to do it, that would certainly discourage them. He would certainly support the grandfather side of it. The rest of it is beyond his expertise. That's why we have the PUC, and they'll have to hash it all out. He is sure the City will provide whatever forums we can to accommodate the debate and have everyone make their case.

COUNCILMEMBER KERN is not going to vote for or against any rate increase based on two 15-minute slide presentations. He needs more information. You can bring a resolution forward tonight or at the next Council meeting, but unless he gets more information he's not going to vote for anything. What needs to be happening is you need to have those meetings with the public, and we as a City should make our Community Rooms available to SDG&E and the solar community to disseminate the information that they have. He needs clarity before he can vote on anything. Usually we have lengthy staff reports that we can read beforehand and we can ask questions of staff before we come here and then vote. He did have a meeting set up with a solar advocate this week, but they cancelled.

It is like water back in the early 1990's when Metropolitan Water District (MWD) unbundled. It's almost the same type of procedure: they're generation, transmission, distribution. What we get into is the wheeling rates, and he understands that there's some inequity in the wheeling rates of solar. They feel they aren't getting paid fairly enough for the energy they produce. Some of the solution down the road is paying them more for the energy they produce so when they pay for the rate charge, to them it might be net zero, too. He's just going off some of the numbers that he's hearing.

There was some real discrepancy regarding the trigger time. Last time Mr. Thomas said it was an 18-month process that they had just embarked on a month or so ago, yet he hears Mr. Sullivan saying that it's a 10-month process.

MR. THOMAS apologized if there was confusion. We submitted and are filing a proposed schedule and that is being considered by the Commission. Hopefully we're going to hear in the next couple of weeks. The proposed schedule laid out a plan for a decision to be made by the PUC by the end of next year. From the time we started, which was October 3rd, it's about a 12-13 month schedule. A proposed decision could come out as early as August or September. The final decision will happen afterwards.

COUNCILMEMBER KERN stated then Mr. Sullivan was correct in his timeline.

MR. SULLIVAN stated the pre-hearing conference was on Friday and the results of that are that on April 16, 2012, the Division of Ratepayer Advocates testimony is due. That's the first milestone. On May 8, 2012, intervener testimony is due, which is entities such as the City of San Diego, the San Diego Solar Coalition, and the rest of the entities shown earlier in the presentation. Rebuttal testimony from SDG&E is due on June 11, 2012. There will be hearings throughout the month of June. After the Administrative Law Judge saw how many people were intervening, they moved the date that SDG&E proposed, which originally was August for a decision, to October. The effective date of the new rate structure is January of 2013. What's currently in play at the PUC is that UCAN has asked the PUC to completely reject the proposal because it's illegal. The PUC is currently considering that. That will be within the next 2 months.

COUNCILMEMBER KERN thinks before we jump into this we'll wait for that decision.

MR. SULLIVAN advised against that because while this discussion is occurring here at this Council and other Councils in the region, there are also discussions that are occurring in the halls and offices of Assembly members and Senators as we speak. This discussion needs to be shaped now and not 8 months from now.

COUNCILMEMBER KERN stated as unbusiness-friendly as our State legislature is, he wouldn't worry too much about them coming down on SDG&E's side. He's not concerned about that. It really is important that we have the discussion with the public and let them speak. Whatever we can do to accommodate community meetings we should do. When we get down that road, we will find out more about this. He just can't make a decision based on two 15-minute slide presentations where people are questioning each other's numbers.

COUNCILMEMBER FELLER clarified that there are 14,000 solar systems in the County. He asked Mr. Sullivan what a system costs for a 2,000 square foot house.

MR. SULLIVAN responded it would vary depending on the home, but the average cost for a residential solar power system is \$30,000.

COUNCILMEMBER FELLER asked if somebody spends cash for that, their return on investment is then about 200 months.

MR. SULLIVAN responded there are a couple of factors that need to be taken into account. One is you get a tax credit with the federal government that offsets 30% of your costs. So \$10,000 of it is going to be recaptured in the form a tax credit with the IRS. The balance of your investment will be recouped through energy savings. Throwing some numbers out there, if your bill is \$150 per month and the average system costs \$30,000, when you take into account the tax credit and the historical increases in electricity costs over the past 20 years, about 6% per year, the payback period for a residential solar power system is anywhere between 6 and 10 years. The systems have a warranty of 25 years.

COUNCILMEMBER FELLER stated but you're being subsidized by the federal government with the capital.

MR. SULLIVAN responded no more so than the fossil fuel industry is subsidized. In fact, when you look at the amount of subsidies that go to fossil fuel, nuclear power and the like, the amount of subsidies in the form of tax credits and investment credits to those industries far exceed anything that flows to the renewable energy industry. Furthermore, if you're looking at global competitiveness, when you look at China, currently they are eating lunch in the solar industry because the Chinese government has invested so heavily in solar industry manufacturing. So, while the solar industry has become a political football in this election year, it's important to point out that prior to this year the investment tax credit that we're talking about was passed under the Bush administration. It wasn't a partisan thing or a subsidy that was specific or exclusive to the solar industry. The solar industry enjoys a very small fraction of subsidy at the federal level when compared to fossil fuel industries.

COUNCILMEMBER FELLER stated it was 5 years 25 years ago when he was selling it. What happens if it's cloudy for a month like sometimes our summers are?

MR. SULLIVAN responded in the County we enjoy the strongest solar resource in the United States because we don't suffer from the oppressive heat of the deserts, but we do enjoy the very bright sunlight. When somebody designed the solar power system they've taken into account historical weather patterns that have rung true for the past 20+ years and they determine on average that a system is going to produce a certain amount of kilowatt hours per year and they take into account those cloudy days. They'll say this system, taking into account cloudy days and weather patterns, is going to produce 10,000 units of energy. When a cloudy day does come it's already calculated in the design of the system.

COUNCILMEMBER FELLER asked Mr. Thomas what happens if the grid needs an upgrade, is that passed on or just absorbed. For instance, all of the repairs and fixes that had to come with the power outage, how did that get absorbed.

MR. THOMAS responded we go to the PUC and get approval to put that into rates and then all of our customers pay for that, including solar. Once you have solar you're not paying for that component, that additional amount, because you're getting a credit on your bill for what you produce.

COUNCILMEMBER FELLER would rather see making the Community Rooms available to have the dialogue with the opposition before we do anything regarding a resolution. Maybe there will be opportunities to discuss solutions.

MAYOR WOOD has heard from both sides and, like Councilmember Kern, he wants to get more information. He's hoping to get that information from our Utilities Commission and staff in some way. He's assuming the newspaper reporters here tonight will be doing their due diligence in reporting on behalf of both sides. Between all of those sources, he should get the answers he needs. We've gotten different stories from each side.

DEPUTY MAYOR SANCHEZ will commit to putting a community meeting together, hopefully in January so we can get a resolution before the Council by the beginning of February. She's committed to having this meeting/workshop and inviting both sides. She has a feeling that we will be hearing from our residents. She urged people watching at home to keep their ears open for this meeting and come and give your opinion about this. Hopefully she'll be able to give plenty of notice about it. The Council wants to hear from the public and also wants to get more information, Based on that, we will pass a resolution.

Eight years ago we got really close to putting together a program for seniors for solar. It was a proposal called Solar for Seniors. She has mixed feelings that that did not go forward because they are on fixed incomes and could all be in jeopardy at this

point. The reason they were going to do it was to lower their bills. She will be in contact with everyone regarding dates that either the Council Chambers or the Community Rooms are available.

26. **Request by Councilmember Felien to direct staff to use all direct and indirect costs, including but not limited to, a reasonable apportionment of the annual increases in the City's long-term unfunded pension liabilities and unfunded retiree health care costs as part of all outsourcing evaluations**

COUNCILMEMBER FELIEN felt this item was extremely important because it's imperative for the taxpayers of the City that we're comparing all costs when we're comparing it to private sector costs and whether or not we should outsource. In 2005, we had a pension bond that brought our unfunded liability to zero. Since then we've accrued, through June 30, 2010, \$300,000,000 in unfunded liabilities per our most recent CalPERS reports. That's \$60,000,000 per year of unfunded liabilities that are being accrued. It's a real cost that CalPERS is expecting the City to pay at some point in the future. He brought this forward because it's important that the \$60,000,000 per year get apportioned and be included as part of the costs of the City staff who are comparing it to outsourcing.

He **moved** to direct staff to come up with a reasonable apportionment for the annual increases in the City's long-term unfunded pension liabilities and unfunded retiree healthcare costs as part of all outsourcing evaluations and to return to Council in 30 days to present their formula or procedure.

COUNCILMEMBER KERN **seconded** the motion for discussion. He would think this would be on a case-by-case basis versus a set formula. As we go forward and we're going to outsource a particular operation, the City Manager should come up with the cost to do this operation. It's going to be difficult because different departments have different cost structures. We talk about interfund charges, etc. and how we attribute costs internally to a particular product or service that we provide. He doesn't think we can do it as a blanket; it's going to have to be almost a case-by-case issue. We need to know what our true costs are as close as possible before we go to any outsourcing because that's going to be a big weight in the decision. Are we doing it efficiently internally and what is that cost versus outsourcing that particular product for service to the public. He asked if it's a possibility to give a blanket policy or assessment of how that's attributed.

CITY MANAGER WEISS responded staff provided Council with a memorandum because we do have a proposal in process right now for our right-of-way clean-up. As part of that we gave Council our direct costs, and we also showed you several of the indirect costs, which did not include an apportionment of the unfunded pension liability. However, with almost every one of our programs there are a number of indirect costs that, whether you eliminate that program or not, you still have the burden of that cost. For example, if Council completely closed the library tomorrow, you will still have a little over a \$1,300,000 budget for the library because we have debt service on this building and the City Operations Center, utility costs, interfund charges, the administrative allocations attributed to the Council and the Clerk and everyone else. We can include those costs in the analysis and the staff report; however, he cautioned that if Council outsources some of these functions you will still have that cost center. In some cases, we're going to pass that cost center onto whoever the vendor is that's being outsourced.

We are getting ready to issue the RFP (Request for Proposals) for the street sweeping services. One of the options is going to be that, if they want to use the City Operation Center (COC) as their base of operation, they're going to pay the same rent as we're paying for building rent, and we'll include that as a cost comparison. However, if it were to be outsourced, and they chose that their base of operations is going to be Escondido, Council still has the cost center of the building rent of COC that, even if you eliminated that program, you have to pay. We can identify those costs, but what we'd

do in the staff report is indicate whether or not those, in staff's opinion, should be attributed for a comparison basis or not. We could conceivably change the way we account for all of those costs, but that creates a whole separate issue. Then you'd end up with a non-departmental budget that is going to be several millions of dollars, and it's not really attributed to the departments. By attributing back to the departments, it gives them ownership for looking at savings as you have to have them.

If you want the numbers, we can come back with them. The bid opening for the first one is December 21st, and we anticipate having something back to Council either the second meeting in January or the first meeting in February, with the results. We can include the process if you want these costs as part of that.

COUNCILMEMBER KERN, still speaking to the second here, asked if that's what staff is aiming for - that when we go out for these things that we get a true cost of what it costs us.

COUNCILMEMBER FELIEN clarified his motion to come back in 30 days with a formula or policy referred specifically to apportioning the unfunded liabilities, not all of the issues of deciding direct and indirect costs. That would be a case-by-case basis. He believes that staff should be in the position to take our \$300,000,000 unfunded liability and come up with a procedure of how they're going to allocate that on an annual basis to then come up with a formula to apply a certain overhead burden to salary expense when comparing outsourcing options. That's what he was referring to in asking staff to come back in 30 days. All the rest of it would be on a case-by-case basis as to what your fixed and variable costs are and what we're left with. If the library were to close, you'd still have the fixed costs of the building and maintaining it, even though there is no staff. That's all true. He doesn't believe his motion impairs that in any way

COUNCILMEMBER KERN is stuck on policy versus formula. If we come back in 30 days with a policy, that's fine, but then we don't need a formula because we're going to do it case-by-case.

CITY MANAGER WEISS stated, based on the PERS actuarials that we distributed to Council, he believes the total unfunded liability for PERS, for both miscellaneous and safety, is around \$100,000,000.

COUNCILMEMBER FELIEN responded that's without the adjustment for the real market value of the stocks. The actuarial liabilities are just short of \$100,000,000, but then there's the inconvenient fact of the \$200,000,000 shortage between the actuarial value and the real value in the stock market. Since pensions have to be paid with real money and not actuarial money, it's important to include the real loss and not just the paper loss that CalPERS wants us to look at.

MAYOR WOOD stated unfunded liability is something every city has. We're paying for buildings and retirements. He asked the City Manager if we fired everybody in the City tomorrow except the City Manager, we'd still have the unfunded liability.

CITY MANAGER WEISS responded you would still have a significant portion of the unfunded liability, based on your current retirees and those that would be in the system eligible to retire. You would have somewhat of a reduction because you'd have a number of employees who would not be eligible to retire. There would be transfer cost. If you look at your PERS actuarials there are 3 components: 1) existing employees, 2) transferred employees, and 3) retired employees. There would still be a unfunded liability that you would have if everyone were gone tomorrow.

MAYOR WOOD asked if this would be more appropriate at the workshop in January. This is complicated.

COUNCILMEMBER FELIEN stated if we don't feel up to hashing through this

tonight he would be happy to defer to it to the January 4th meeting if it looks like it has less of a schedule. He doesn't think it needs to be pushed back to the workshop because the issue of the unfunded liability isn't that it just sits there. The \$300,000,000 are the costs that we've already incurred, but it keeps going up every year. We have to account for the fact, if we're comparing outsourcing options, that the unfunded liability portion is also going to go up. It's a matter of doing outsourcing for the future and not the past. That we're still stuck with the \$300,000,000 for the past is irrelevant to planning for the future. In the future we need to plan for the increase we're going to be getting, which appears to be \$60,000,000 a year in unfunded liability.

He understands this is a complicated issue. If the majority of his colleagues aren't comfortable addressing this now, he'll be happy to defer it to January 4th.

DEPUTY MAYOR SANCHEZ stated we were in the process, before the economy tanked, of addressing our unfunded liabilities. In fact, our City Manager at the time pointed out to us that we had not been doing things correctly and had not been paying PERS. We were just going from year to year. If the interest was good, then we didn't pay. There were several years that the City didn't pay and was supposed to put money away for when the City would have to pay, and the City never did that. So we were in the process of fixing that before the economy tanked. What happened to CalPERS happened to every single retirement fund in the world who had put all of their funds into Wall Street; they lost all of their money. Nobody really predicted this.

This would be comparing apples to oranges. The first thing she thought of was problems with contracts and contracting out. There are a lot of indirect costs, as stated by the City Manager. Her first Council meeting, she was approached by employees who were concerned about working side-by-side with people who were contracted and using offices and phones and had cards and making a whole lot more money. Yet, we were not charging them the office space, phones and cards, etc. It was truly inequitable. That's what ends up happening with the use of City equipment and offices. The debt service that is being charged to every department is basically the cost of having built this Civic Center. She didn't vote to build it, but it was a good investment in our City. It brought a lot of jobs and will withstand time. At the same time, on paper it looks like we are spending a lot of money.

The public has probably noticed that we are having more litigation and a lot of change orders. If you look at the Consent Calendar, you'll see all of these change orders. Some of it is because we've broadened the scope of the work, but a lot of it is because we're on this bid system and we get these under-bids. Those under-bids mean that wasn't a true cost and that later on we're going to be approached about a change order, which is really how much it's going to cost us, and has that profit margin worked in. We end up spending a lot more on these contracts, and that's a big problem. We've just seen our first bankruptcy of a company, and the even private sector is under the same strains. Their investments were also in Wall Street and they're also not earning interest or being able to do the things they would like to do. She can't support this. We'll have the chance to speak more about this in January.

MAYOR WOOD stated we had a second on this item for discussion and now it's changed to a continuation of this item, so he'd like to know that before we move on with this.

Public input

JIMMY KNOTT, 127 Sherri Lane, met with former Mayor Terry Johnson who reminded him that during his administration they talked about this issue of unfunded liabilities. He had tried to get something done, but it was deferred by the Council. We also talked about the problem of consultants and how the City depends on them and pays too much for them, and about lawsuits. If we took care of those 2 issues, we'd probably have a lot more money and could support more issues.

He asked about the timeframe we're talking about for the unfunded mandates. Normally, you amortize a lot of this over a period of time, and then it's paid off. He didn't hear anything about amortizing it. He also didn't see any examples so the public could see an exact formula of what you're talking about. You didn't talk about outsourcing administration, consolidation, or enterprise funds that would be required to be separate from this category. Sealing up certain buildings was not brought up. He listed further issues he felt had not been addressed.

Public input concluded

MAYOR WOOD thinks this item is important enough to be at a workshop or continued for a more vibrant discussion at a later date and time. He asked Councilmember Felien if he wanted to continue this. That way the Councilmembers can meet with the Finance Director and the City Manager to discuss a lot of this before it comes back to Council. He understands unfunded mandates and outsourcing, but it's not that easy because there are a lot of the costs that we can't get rid of.

COUNCILMEMBER FELIEN withdrew his motion and requested a continuance of this item until January 4, 2012.

COUNCILMEMBER KERN wanted to know what the agenda on January 4th looks like.

CITY MANAGER WEISS can't give a comprehensive answer to that, but Council is going to have a number of public hearings already scheduled for January 4th. It's highly likely that by the second meeting in January, we will have the first outsourcing recommendation before Council. We have already provided Council with the staff costs to provide those services and the indirect costs. What we have not addressed in any way, shape or form is the unfunded liabilities. If you want those included, we can come up with some reasonable alternative that will include those costs and provide that to Council within 30 days; at a Council meeting we can give you a memo saying here's how we would allocate them. Council may or may not agree, but if you want those numbers included, we can include them. As Council uses those numbers, from a staff level, using the unfunded liability as a comparison to costs between whether you outsource or not probably is not an apples-to-apples comparison. We can come up with a reasonable apportionment of those cost increases if Council wants them.

COUNCILMEMBER KERN hopes that between now and January 4th, Councilmember Felien gets with the City Manager and the Finance Director to work out some type of formula that would satisfy these things so on January 4th we'll have some clarity.

COUNCILMEMBER FELLER is not going to support this. At this point, the City Manager has heard what we've said and that's enough.

CLOSED SESSION REPORT

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

CITY ATTORNEY MULLEN reported on the items discussed in Closed Session:
See Items 1-2D.

CITY COUNCIL REPORTS

14. **Mayor Jim Wood** – no report due to time

15. **Deputy Mayor Esther Sanchez**

DEPUTY MAYOR SANCHEZ reported that sand is supposed to be put on our beach in April so we'll be doing a lot of education and outreach for that.

She wanted to let the Council know that she and Councilmember Felien are the members to the JPA (Joint Powers Authority) with Carlsbad for the Buena Vista Lagoon and attended a meeting where they discussed the restoration of the Lagoon. In August, Fish and Game pulled the plug on the EIR (Environmental Impact Report). They had spent over \$1,000,000 on the EIR and came up with a road block. They felt they needed to have all 3 alternatives viable before they could spend any more money. It's going to cost another \$1,000,000 to finish the EIR and get it out for public review in order to go forward and have the restoration project ready to go. At that meeting, it was made clear to us that we as a region, Oceanside and Carlsbad, were going to be losing the Interstate 5 widening mitigation money that was going to be made available, which was something like \$285,000,000, and we're not going to have access to that. It will probably go somewhere else. Poseidon had mitigation money, and Buena Vista Lagoon did not get it.

She had proposed that we meet with Secretary John Laird of the Resources Department for the State. We went on December 5th and met with Secretary Laird, and we were successful. Secretary Laird directed Fish and Game to tell him what needs to be done in order to get the project back on track. We were also told that there is money available to finish the EIR process. This is good news for our City and Carlsbad. Staff helped and got her the information she needed to go to Sacramento and present this. Carlsbad was there standing behind us in terms of going forward with the restoration project. She thanked Councilmember Douglas from Carlsbad for her help.

16. **Councilmember Gary Felien** – no report due to time
17. **Councilmember Jack Feller** – no report due to time
18. **Councilmember Jerome Kern** – no report due to time

INTRODUCTION AND ADOPTION OF ORDINANCES - None

ADJOURNMENT

After a moment of silence for Claude Phillips, who passed away, **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 10:03 PM on December 14, 2011. [The next regular meeting is scheduled for 2:00 PM on Wednesday, January 4, 2012].

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

JANUARY 4, 2012

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**

**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 Assistant City Clerk Trobaugh at 2:04 PM, January 4, 2012.

2:00 PM - ROLL CALL

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

January 4, 2012

Joint Meeting Minutes
Council, HDB, CDC and OPFA

Present were Assistant City Manager Weiss, City Attorney Mullen and City Clerk Trobaugh. Due to the lack of a quorum, Closed Session items were trailed until 4:00 PM.

[Recess was held from 2:04 to 4:02 PM]

4:00 PM – ROLL CALL

MAYOR WOOD reconvened the meeting at 4:02 PM. Present were Mayor Wood and Councilmembers Feller, Kern and Felien. Deputy Mayor Sanchez arrived at 4:07 PM. Also present were Assistant City Clerk Trobaugh, City Manager Weiss and City Attorney Mullen.

CONSENT CALENDAR ITEMS [Items 4-15]

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 there are requests to speak from the public on Items 10 and 15.

The following Consent Calendar items were submitted for approval:

4. City Council/Harbor/CDC/OPFA: Acceptance of Joint Minutes of the Small Craft Harbor District Board of Directors, Community Development Commission, City Council, and Oceanside Public Financing Authority of the following meetings:
October 12, 2011, 2:00 p.m. Regular Meeting
October 26, 2011, 2:00 p.m. Regular Meeting
November 8, 2011, 3:00 p.m. Adjourned Meeting
5. 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)
6. City Council: Approval of Change Order 1 [**Document No. 12-D0003-1**] in the amount of \$218,000 to Jeff Tracy, Inc., dba Land Forms Landscape Construction of Laguna Niguel for the Tyson Street Public Parking Lot and Coastal Rail Trail project located east of Myers Street and west of the railroad tracks between Wisconsin Street and Tyson Street, and authorization for the City Engineer to execute the change order
7. CDC: Approval of Contract Change Orders 16 [**Document No. 12-D0004-3**], 17 [**Document No. 12-D0005-3**] and 18 [**Document No. 12-D0006-3**] in the amounts of \$52,833.24, \$54,057.27, and \$60,160.04 to TC Construction Company, Inc., of Santee for the Downtown Storm Drain and Infrastructure Improvements project, and authorization for the City Engineer to execute the change orders
8. City Council: Approval of Closing Change Order 2 [**Document No. 12-D0007-1**] to American Industrial Services for the Well Head Facilities for the Wells 10 & 11 project, for additional work requested by the City; and authorization for the City Engineer to execute the change order
9. City Council: Approval of Amendment 3 [**Document No. 12-D0008-1**] in the amount of \$124,893 to the professional services agreement with the IBI Group for recirculation of the draft Programmatic Environmental Impact Report to complete the Circulation Element Update, and authorization for the City Manager to execute the amendment; and approval of a budget transfer in the amount of \$100,000 from the Thoroughfare Fund 561 to the project account

10. **Removed from Consent Calendar for discussion – Public**
11. City Council: Acceptance of grant funds in the amount of \$17,000 from the National Endowment for the Arts, awarded to the City of Oceanside for The Big Read Program, and approval to appropriate these funds to the Library Department
12. City Council: Adoption of **Resolution No. 12-R0010-1**, "...authorizing budget modifications to the State of California Citizen's Option for Public Safety (COPS) 2011 Grant" award, reducing the award amount due to a reduction in the City's allocation, approving the revised expenditure plan, and authorizing the City Manager or designee to execute grant documents
13. City Council: Adoption of **Resolution No. 12-R0011-1**, "...summarily vacating a slope easement and a slope and drainage easement located in and adjoining to 4318 Mission Avenue", and authorization for the City Clerk to file a certified copy of the resolution [**Document No. 12-D0012-1**] with the San Diego County Recorder
14. City Council: Adoption of **Resolution No. 12-R0013-1**, "...summarily vacating the relinquishment of a portion of rights of direct vehicular ingress and egress relinquished to the City of Oceanside on Parcel Map No. 19200 to provide direct vehicular ingress and egress to 4318 Mission Avenue", and authorization for the City Clerk to file a certified copy of the resolution [**Document No. 12-D0014-1**] with the San Diego County Recorder
15. **Removed from Consent Calendar for discussion – Public**

COUNCILMEMBER KERN moved approval of the balance of the Consent Calendar [Items 4-9, and 11-14].

COUNCILMEMBER FELIEN seconded the motion.

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

Items removed from Consent Calendar for discussion

10. **City Council: Approval of a professional services agreement with RBF Consulting in the amount of \$130,740 to complete environmental studies and final engineering design to construct a right-turn in/out access from Jeffries Ranch Road to State Route 76, and authorization for the City Manager to execute the agreement**

JOAN BRUBAKER, 1606 Hackamore Road, is elated to see this on the agenda in an affirmative way. After spending several thousand dollars on reinstalling a signal, she thinks it would be only correct to afford the courtesy to the people of Jeffries Ranch to approve this particular contract.

COUNCILMEMBER FELIEN clarified that this relates to the \$400,000 that we had approved a few months ago, and it was based without any assurance that Caltrans was going to approve a right-in/right-out. Have we had any conversations with Caltrans since that last vote and received any indication whether they would be likely to approve or disapprove it?

CITY MANAGER WEISS responded yes, we have had conversations with Caltrans and no, we do not have a firm commitment that the right-in/right-out will be permitted. Part of that process is this contract. We have to develop a purpose and need, do the necessary studies and then submit those to Caltrans to get their approval. At this point, we do not have 100% assurance that the project will be permitted by Caltrans.

DAVID DIPIERRO, City Traffic Engineer, confirmed that. At this point, since the last time this item was brought to Council, we have not had any further contact with Caltrans. Up to that point they needed to see these technical studies in order to make a decision as to whether they'll approve the Jeffries Ranch Road connector or not.

COUNCILMEMBER KERN opposed this last time and will oppose it this time.

DEPUTY MAYOR SANCHEZ moved approval [of a professional services agreement [**Document No. 12-D0009-1**] with RBF Consulting in the amount of \$130,740 to complete environmental studies and final engineering design to construct a right-turn in/out access from Jeffries Ranch Road to State Route 76, and authorization for the City Manager to execute the agreement].

We made a promise to the residents of Jeffries Ranch and they have gone through a lot in this saga. We had made it a condition to the development that was approved that there would be a right turn in/right turn out at Jeffries Ranch Road. That development was approved. Staff who were with us at that time advised the Council, as well as the public, that this is what they were going to recommend. It never came back to us as a Council that our staff did not comment on the EIR (Environmental Impact Report) when Caltrans determined that it would close it or that we would be foreclosed from commenting again after the close of the EIR. At that time, it was a pretty united Jeffries Ranch community that wanted to insure this, based on public safety considerations. We should move forward.

This Council voted to support this on a 5-0 vote. There has been a second vote that was 4-0 and another that was 4-1. Staff is recommending approval, and she hopes we can make things a little better for a certain part of the community that rarely gets any support services from the General Fund. This is a community that does not have a public safety requirement in terms of police presence and is over 1,000 residents strong. She understands that the response times have suffered in the recent past because of the closure. There have been a lot of traffic problems in that part of town and that not only Jeffries Ranch residents, but other neighboring residents have had to suffer this.

MAYOR WOOD seconded the motion.

Motion was approved 3-2; Councilmembers Kern and Felien – no.

15. **City Council: Adoption of a resolution authorizing application to the U.S. Department of the Interior, Bureau of Reclamation, Policy and Administration, to obtain a WaterSMART Water and Energy Efficiency grant for the San Luis Rey Water Reclamation Facility Expansion Phase I project; and approval of a professional services agreement with RMC Water and Environment of San Diego in the amount of \$150,000 for grant application assistance, and authorization for the City Manager to execute the agreement**

JOAN BRUBAKER, 1606 Hackamore Road, hopes that for \$150,000 you get more than just writing a grant. You need advice and somebody greasing the monetary wheels for this project. She's in favor of any recovery of water. It's going to be necessary, especially if the weather stays as dry as it has been so far this winter; we're going to lose what we got ahead last year. This is an important project, but is \$150,000 for writing a grant a good price?

CARI DALE, Water Utilities Director, stated the \$150,000 is a 'not to exceed' amount. The grant writing is approximately a little over \$15,000, so there are additional funds that are available for other grant opportunities should they arise. We do know that there is another Bureau of Reclamation grant that's coming open in February and some Proposition 84 and 50 monies that are available as well. This money would be used for those additional grant opportunities.

COUNCILMEMBER KERN moved approval [of adoption of **Resolution No. 12-R0015-1**, "...authorizing application to the United States Department of the Interior, Bureau of Reclamation, Policy and Administration to obtain WaterSMART: Water and Energy Efficiency grant funding" for the San Luis Rey Water Reclamation Facility Expansion Phase I project; and approval of a professional services agreement (**Document No. 12-D0016-1**) with RMC Water and Environment of San Diego in the amount of \$150,000 for grant application].

DEPUTY MAYOR SANCHEZ seconded the motion.

Motion was approved 5-0.

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.

16. **City Council: Introduction of an Ordinance amending Sections of Chapter 12 of the City Code regarding food vending vehicles, to allow greater flexibility for food vending vehicles to prepare and provide food directly from these vehicles**

DAVID MANLEY, Neighborhood Services Division Manager, stated this item is an ordinance to amend sections of Chapter 12 that relate to the food vending vehicles. As Council can recall, several months ago this item came forward with direction to staff to look at changing the current ordinance, which prohibits the hot food trucks on City streets and on private property, and making those ordinance amendments to allow them. Staff looked at the ordinance, which was last amended back in 1983, and tried to simplify it and make it less bureaucratic, and make the changes to allow these trucks to operate within the City.

A lot of the sections in the ordinance have been deleted that are antiquated. Taking away those sections permits food trucks to be on private property. With that, under the current ordinance, if we do allow them on private and public property, staff found it necessary to limit it on the streets. If we didn't have any restrictions, they could be out there on the streets doing sale after sale with no restrictions. Staff felt that having it on streets of 25 MPH or less, up to 1 hour on any one block is reasonable and as long as they are not within 500 feet of existing restaurants, schools and public park concessions stands, like Little League, and other special events. If somebody has an approved special event, staff felt it wasn't appropriate to have trucks right outside of that.

The changes in the ordinance do not allow trucks to go on private property and open up to the general public. They can only stay on the property and service the customer's employees or people on that site. There were some concerns that having trucks show up and open for business to the general public would be an issue, and that's not part of this ordinance.

To date, we've only had about 3 inquiries. We met with MainStreet Oceanside and a few business owners and received an email today from a business owner asking for clarification on the ordinance. Council was copied on that. Staff is recommending that we provide some clarifying language in the ordinance that says that tables, chairs and equipment can be used on private property. If somebody does an event, they can have tables and chairs, but not on City property or City streets, except with a special events permit.

The final change in the ordinance is classifying these vehicles. Currently, they are subject to a \$65 annual business license fee. The trucks operating as mobile food facilities don't quite fit within that cold food truck classification. We've talked with

business owners, and they felt that they should be classified as mobile restaurants subject to the same requirements as existing restaurants. A calculation was provided in the staff report that shows 50¢ per every \$1,000. If somebody were to make \$250,000 a year, they'd be subject to a \$125 additional fee, which is nominal.

Staff recommends that Council make the changes to the ordinance to allow hot food trucks within the City with the one modification that clarifies tables, chairs and equipment aren't allowed on public property but they are allowed on private property.

Public input

ALAN CEJA, 2251 South El Camino Real, owns 2 restaurants in Oceanside. We don't have enough information as restaurant owners and don't know enough about what's going on with the food trucks. This makes us nervous. We just heard about this in the newspaper last week. He has talked to other restaurant owners in Oceanside, and they have the same questions. Right now with the economy the way it is, he doesn't know if the City should open up to all kinds of food trucks from Orange and San Diego counties to come here and do business and just having to pay \$65 for a license. Having done business in Oceanside for the past 25 years, he feels we need more information about this in order to avoid future problems with restaurant owners.

DONNA MCGINTY, 2405 Mesa Drive, is a small business person and feels the ordinance is restricting itself only to trucks. There are other vending vehicles that are being used. There are all kinds of smaller portable units that can be used that should be allowed to operate in the same manner. They are required to operate under the health and safety issues just like the trucks are. If you're going to allow those trucks, then you should allow the other vendors who are capable of doing a mobile unit.

LARRY BARRY, 3973 Brown Street, has a lot of questions on this as well. He would like to see it go into a trial period for a year so we can re-examine whether it's feasible or economical for our taxpayers. He doesn't know if this is a big money winner for the City as far as \$65 for licensing fees. These trucks are getting into the gourmet high-end types of food, and they're not cheap. How will this impact the community, and where is the revenue coming to help the City? Who's going to pick up the garbage? There is a cost that will be affected by these trucks. He'd like to see a sunset on this in order to re-examine it. He supports a lot of the brick and mortar stores, and in Oceanside there are a lot of vacancies. These are hard-working people who live in our community so we should be looking out for them first. How are we going to enforce and monitor this?

Public input concluded

MR. MANLEY responded that regarding the existing restaurants, we did put in the 500-foot restriction to eliminate any kind of competing interest. Most of the inquiries that we have are from existing Oceanside restaurants that already have businesses that have trucks that operate in different cities, so there is already some interest there.

Regarding looking at other types of vehicles, that was the impetus for the ordinance changes: to allow these ancillary uses at wine tasting rooms or the breweries, to allow them to go onto private property and operate. In response to Mr. Barry's concerns that we do a one-year trial period, staff did recommend that we look at this after a one-year period, looking at what the impacts would be as far as enforcement and any other problems associated with this. When you do an ordinance, it's hard to look at every single issue, but we're willing to look at that and sooner if needed. If there are modifications needed, then staff would be willing to bring that back.

Trucks are responsible to have their permits from the County and clean up after themselves. If they are on private property, then the owners are responsible for the

maintenance and trash. On public property they're responsible for trash maintenance, any storm-water issues or anything that arises with the operation of the truck.

DEPUTY MAYOR SANCHEZ is excited about this. It was two brick and mortar Oceanside businesses who brought this forward and asked Council to consider it. It was Azafran and Gandolfo's, who are both very committed and have investments in Oceanside. Both of them want to make another investment into Oceanside. These trucks are not cheap; they can cost up to \$100,000 each and are highly regulated by the County. It's up to each city to decide whether or not to allow them. Gourmet food trucks are the rage, and the way they get to places is Twitter. That means people will be coming to Oceanside because they bring people to our City. It's not just one or two trucks; the most successful gourmet food truck festivals she's seen are more than one or two. She sees this as a huge plus for our citizens and our businesses.

She **moved** approval for the [introduction of an Ordinance amending sections of Chapter 12 of the City Code regarding food vending vehicles, to allow greater flexibility for food vending vehicles to prepare and provide food directly from these vehicles].

She met with the owners of Azafran and Gandolfo's, and they also wanted to have a 6-month to 1-year period to review and see how this is working. That's a great idea. Having staff bring that forward would be fine as they will be the ones who get the questions. This is going to be a big push for Oceanside. If it's not Oceanside it will be a different city, so let's beat them to the punch and get the tax dollars to Oceanside.

COUNCILMEMBER KERN **seconded** the motion. He brought this forward as a response from Gandolfo's and Ocean Hills, who couldn't do a special event out there because we couldn't put it on private property. This is private property, and these people have to be invited in. It's not like they can just set up on the streets. They have to have health permits through the County.

If a business like Gandolfo's or Azafran already have business licenses, do they have to have a separate license for their truck? They're going to count the money coming in through their restaurant, so it's just the \$5.00 per \$1,000, right?

MR. MANLEY responded that would be correct. It would be an extension of their existing business.

COUNCILMEMBER KERN wanted to emphasize that this is how a brick and mortar business expands without building more bricks and mortar. It's like a mobile catering service. They can go to events at Oceana, Ocean Hills, churches, etc. We had one at the beach for the Harbor Days event in the food court, and it worked out really well. He went to a Christmas event at Senator Weiland's office, and they had a food truck there for the special event; it was excellent. They aren't cheaply done. They pride themselves on being gourmet and not cheap. The whole crux of this is that they're going to bring a different clientele to these events. In Los Angeles they even have gourmet truck rodeos where they come just so everyone can sample the food out of the trucks. That is something that can bring people to Oceanside.

COUNCILMEMBER FELIEN thinks it's worth the experiment to give this a try. He has certain apprehensions of making sure we monitor the impact on our brick and mortar restaurants because they have to factor into their prices property tax and sales tax. We want to make sure someone isn't just driving in and being able to undercut based on avoiding taxes. The City isn't going to benefit from an unfair playing field. He asked if the trucks are obligated to keep track of the sales they do within the City and pay sales tax on their products just as a regular restaurant would.

MR. MANLEY responded that's correct; it's based upon gross sales receipts and the 50¢ per \$1,000 requirement.

COUNCILMEMBER FELIEN asked if there has been any analysis done comparing the cut the City gets from vehicle taxes versus property taxes and if we benefit one way or the other if sales are coming from a regular restaurant versus a food truck.

MR. MANLEY responded no, there hasn't been any study to that effect.

COUNCILMEMBER FELIEN is going to vote yes on this. It's an opportunity to try something to improve the City, but we'll be looking at it in a year with the review to make sure that there's not any kind of adverse impact that we overlooked. He shares the concerns of the gentleman who came here from Anita's, which is one of his favorites restaurants in town. He wants to make sure they stay successful, while at the same time we open doors to new opportunities.

COUNCILMEMBER FELLER stated if this was for special events, which is what brought this up, he would see it as a very good thing. A restaurant owner has \$5,000 - \$8,000 a month rent for his space and on top of that has all of the equipment that has to go into it and employees. He's fearful of what this will do to the brick and mortar operations. There are no hours of operation, so you could have trucks moving from block to block all through the night. A truck could be invited into one of the industrial centers next to Gandolfo's or to Union Bank and serve the people that are there. That would attract the business. Hot food has to charge tax, whereas cold food is a different animal.

This says 500 feet from a public park concessions stand. That means somebody could park in the parking lot at College right on the end of Mance Buchanon. That's well over 500 feet from the concession stand, or they could just park in the streets off of Oleander and do the same thing. He's not in support of this at all unless it's a special event. He understands how hard it is to operate brick and mortar. These trucks are going to be from all over the County, and he sees this as a real problem.

MAYOR WOOD stated if there's a problem with this it certainly will come back to us, so he's willing to give it a try.

DEPUTY MAYOR SANCHEZ stated we have had discussions and will be working with MainStreet about doing a gourmet food truck festival, probably in the summer. It would require special events. One place to do this could be the public lots near the beach that are waiting for the hotels. The whole idea is to support businesses and support the community. If there are issues, then we can always review this. She invited people to let Council know what the issues are because we want this to work for everybody. If it doesn't happen here it will happen in Carlsbad or Vista, and we'll lose the draw. It's like a new business coming into town. There were initially some concerns about the Sunset Market and whether it would take business away. The businesses ended up saying they got more business from it. Let's see what happens.

MR. MANLEY stated the proposed language change being added to the ordinance is line item 23 on the first page of the ordinance, after the word 'vehicle' would be 'stopped or parked on a public street'.

After titling of the ordinance, the **motion was approved 4-1**, Councilmember Feller – no.

Due to the lack of a quorum earlier, Mayor Wood determined to go into Closed Session at this time.

CITY COUNCIL, HDB, AND CDC CLOSED SESSION ITEMS

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

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

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]

Closed session not held

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

A) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Property: approximately 460 acres at northwest corner of Oceanside Boulevard and Rancho del Oro Drive (El Corazon – APN 162-082-06, 08, 09, and 50); Negotiating Parties: City of Oceanside and Sudberry Development, Inc.; Negotiator for the City: Douglas Eddow, Real Estate Manager; Under Negotiations: Terms and conditions of a Development and Disposition Agreement for the use of the property

B) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Property: Center City Golf Course consisting of 95.31 acres east of Interstate 5 and north of Oceanside Boulevard (APN 151-011-11); Negotiation Parties: City of Oceanside and Stirling Development LLC; Negotiator for the City: Douglas Eddow, Real Estate Manager; Under Negotiations: Price and terms for the recreational lease and use of real property

C) [CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Property: Property bounded by Pacific Street, Myers Street, Seagaze Drive, and Civic Center Drive (APN 147-261-01 through 12; 147-076-1,2,3,10,11,12); Negotiating Parties: SD Malkin Properties; Negotiator for the City: Peter Weiss, City Manager, and John Mullen, City Attorney; Under Negotiations: Terms of Disposition Agreement and Lease]

Closed Session on the above items not held

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

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

A) Larson v. AMSI Corporation, et al. Superior Court Case No. 37-2011-00055541-CU-BC-NC

B) Bay City Equipment Industries v. AMSI Corporation, et al. Superior Court Case No. 37-2011-00057381-CU-BC-NC

By a 5-0 vote, Council approved a settlement agreement

C) Dunex v. City of Oceanside, Superior Court Case No. 37-2010-00061745-CU-EI-NC

D) Dunex, Inc. et al. v. City of Oceanside, et al. U.S. District Court Case No. 10 cv 1478 JLS CAB

Items discussed; no reportable action

January 4, 2012

Joint Meeting Minutes
Council, HDB, CDC and OPFA

[Closed Session and recess were held from 4:40 PM to 5:07 PM]

5:00 – ROLL CALL

Mayor Wood reconvened the meeting at 5:07 PM. All Councilmembers were present.

INVOCATION – John Lundblad

PLEDGE OF ALLEGIANCE – Humane Society members

PROCLAMATIONS AND PRESENTATIONS –

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

[Presentation – Mayor’s Youth Sports Recognition and Appreciation Award]

Off agenda – Proclamation – Oceanside Chabad Jewish Center’s Inauguration of Community Torah Scroll

Presentations were made

CLOSED SESSION REPORT

22. Closed Session report by City Attorney

CITY ATTORNEY MULLEN reported on the items discussed in Closed Session: See Items 3A, 3B, 3C and 3D. [Items 1, 2A), 2B) and 2C) were not heard].

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.

23. Advance written request to reserve time to speak:

VIRGINIA WEBB, 4916 Icaria Way, represents the League of Women Voters of North County San Diego and presented Council with a copy of their report, entitled *Status of Sustainability Practices, a Survey of North Coast San Diego Cities*, together with a letter of explanation detailing the League’s biennial sustainable practices survey.

She was asked to present this report because, although she was not involved in the 2010-11 survey, she was responsible for the first survey in 2008-09. Also, she was constantly bragging about El Corazon and our recycling center. At that time it was unique. We were the only city that had a recycling center for green waste and compost.

The survey was undertaken in cooperation with Carlsbad, Del Mar, Encinitas, Oceanside, Solana Beach and Vista. She thanked staff for filling out the survey. We are pleased to report that Oceanside has continued to implement sustainable practices during the past 2 years, and this week Waste Management is supplying us with new containers. The containers for recyclables will be very important because it makes it much easier to put everything in one container.

We feel that citizens expect their government to adopt and follow a sustainable path whenever possible and are proud to learn about the accomplishments of their cities in this regard. She invited people to visit the League’s web site at www.lwvncsd.org to find the survey under Natural Resources. The next survey will also include San Marcos and Escondido, that are now part of our expanded League.

24. Communications from the public regarding items not on this agenda

DONNA MCGINTY, 2405 Mesa Drive, sees Council again tonight going against

the recommendations of staff and the knowledge they have in their hands about spending money on programs that are unfunded. All of Council is very familiar with the \$300,000,000 debt the City owes in unfunded, unallocated funds, and you continue to pledge our funds, without having any funds, to things you have no idea, particularly at the State level, whether they'll pass or not for the sake of special interests.

She spoke of the Oceanside Elk's Lodge and how Mr. Barrante and Mr. Neal have been removed from their posts for no less than 1 and 3 years, respectively, for unbecoming conduct as post-holders in the local lodge and for their uncooperative spirit in reporting accounting and financial matters to the main office. She requested that Council consider who they are putting on their Planning Commission.

JACQUELINE EGAN-BARRY, 3252 San Helena Drive, stated her parents just moved to Oceana right off El Camino Real. We are very disconcerted that such old people are driving without a guardrail. The drop seems to be at least 100 feet. She's concerned because her father was a pilot in WWII and is always looking at the airplanes and has her kids in the car sometimes. She is requesting a guardrail or at least an investigation to see if it warrants one. It's too high without any constraints.

KEEGAN BARRY, youth, expressed his concerns about the drop on El Camino Real with no guardrail. He is concerned about his grandparents driving on that road.

BENJAMIN BARRY, youth, stated his grandparents are unsafe on El Camino Real and requested a guardrail be put there.

5:00 P.M. – PUBLIC HEARING ITEMS

Public hearing items are "time-certain" and are heard beginning at 5:00 p.m. Due to the time-certain requirement, other items may be taken out of order on the agenda to accommodate the 5:00 p.m. public hearing schedule.

25. **City Council/Harbor: Introduction of an Ordinance of the City of Oceanside amending Chapter 29A of the Oceanside City Code by the addition of Section 29A.37 requiring commercial service providers to obtain a permit from the Oceanside Small Craft Harbor District, and adoption of a resolution establishing a \$30 annual registration fee**

- A) Mayor opens public hearing – hearing was opened.
- B) Mayor requests disclosure of Councilmember and constituent contacts and correspondence – Mayor Wood and Councilmembers Feller and Kern reported contact with staff, Deputy Mayor Sanchez reported contact with the Commission and Councilmember Felien reported no contact.
- C) City Clerk presents correspondence and/or petitions – Email from John Terrell.
- D) Testimony, beginning with:

FRANK QUAN, Harbor and Beaches Coordinator, stated this is the introduction of an ordinance amending Chapter 29 of the Oceanside City Code requiring commercial service providers to obtain a permit from the Harbor, and a resolution establishing a \$30 annual registration fee.

The Harbor has over 900 boats that are serviced by private companies that do repair and maintenance work, such as hull bottom cleaning, painting, mechanical work, carpentry and detailing. Some of the workers do not have insurance or a City business license and are bypassing the dock security gates. The marina industry is also facing increasing environmental regulations, so there is a need to require that all workers follow environmental best management practices.

This permit affects the hull cleaners, mechanics, carpenters, painters and detailers that work on boats in their slips and moored in the Harbor. We've kept the registration as simple and as inexpensive as possible. The companies or workers will

have to bring us an application, a copy of their City business license, proof of insurance with the City and Harbor named as co-insured and a \$30 fee. We will issue each employee a picture ID that they will have to carry with them while they are working on the docks. Once we get the initial registration set up, we'll make a list of registered companies and make it available to the Harbor slip renters so they know that they are hiring somebody who has insurance and a business license.

In August and September of 2011, we held 2 public workshops. Copies of the question and answer summary are in Council's package. We made several changes to the permit program after hearing feedback from the public, but the majority of the attendees agreed that there was a need for this type of permit.

Public input

DONNA MCGINTY, 2405 Mesa Drive, manages a business in the Harbor that is licensed in the City to do business. We use our boat in doing the service performed, so are we going to have to buy an additional \$30 permit. The business is a boat charter.

MR. QUAN responded boat charters are not covered under this registration permit.

MIKE BROEKER, Owner and Operator of HLB Dive Company, stated it's one thing to get the license through the City, but Harbor still has to approve you to work within the Harbor. There are rules and regulations that people have been skipping by. He supports the City and what Harbor has going with this. He hopes that people who have been cutting corners or using loopholes are held accountable for that.

With no one else wishing to speak, Mayor Wood closed the public hearing.

COUNCILMEMBER FELLER asked when somebody is cleaning a hull, where does the stuff that they're cleaning go.

MR. QUAN responded the sea-life goes down into the sediment. Paints are sacrificial paints and are made to go into the sediment. There are accepted best management practices for hull cleaning, which is a big issue now because of the copper that is getting into the sediment. We have one spot in the Harbor that was showing a high concentration of copper.

COUNCILMEMBER FELLER thinks this is long overdue. The \$30 is pretty nominal. Is it \$30 every time they need a new card?

MR. QUAN responded it is \$30 a year and \$15 for each additional card for employees.

COUNCILMEMBER FELLER asked if it is \$35 for a key that allows them to access any dock.

MR. QUAN responded that's correct. It's a \$35 refundable deposit. The key allows them to access any dock, but does not allow them to access the slip-renter only restrooms.

COUNCILMEMBER FELLER moved approval of the [introduction of an Ordinance of the City of Oceanside amending Chapter 29A of the Oceanside City Code by the addition of Section 29A.37 requiring commercial service providers to obtain a permit from the Oceanside Small Craft Harbor District, and adoption of **Resolution No. 12-R0017-2**, "...approving the terms and conditions and required fee for permits issued to commercial service providers in the Oceanside harbor"].

DEPUTY MAYOR SANCHEZ seconded the motion. The staff report does

indicate that the Harbor & Beaches Advisory Committee voted unanimously in favor of this program so she is supporting it.

After titling of the ordinance, the motion was approved 5-0.

26. **City Council: Approval to allocate Community Development Block Grant contingency funds in the amounts of \$19,500 to the Women's Resource Center, and \$5,000 to the Country Club Senior Center, increasing the funding for existing projects at both locations, and approval to amend the 2011-2012 Action Plan accordingly**

- A) Mayor opens public hearing – hearing was opened.
- B) Mayor requests disclosure of Councilmember and constituent contacts and correspondence – Mayor Wood, Deputy Mayor Sanchez and Councilmembers Feller, Felien and Kern reported contact with staff; Councilmember Felien also reported contact with public.
- C) City Clerk presents correspondence and/or petitions – none.
- D) Testimony, beginning with:

JOHN LUNDBLAD, Management Analyst, stated this item is to provide some additional funds for projects that were previously approved. The one for the new walk-in cooler/freezer at the Country Club Senior Center kitchen, we just underestimated the costs with the installation and replacement to current codes. That's an extra \$5,000 beyond the \$17,500 previously approved. The funds for the Women's Resource Center are to finally take care of some drainage issues that predate the City's acquisition of that building, back at a time when you simply drained stuff wherever you could without worrying that somebody was going to build on top of it later on. This will eliminate drainage problems and more than anything else, it's going to eliminate damage to the foundation of the transitional housing unit.

Public input

MARVA BLEDSOE, Executive Director of the Women's Resource Center, encouraged Council's allocation of these additional funds to turn our sometimes lake back into a full-time parking lot.

With no one else wishing to speak, Mayor Wood closed the public hearing.

DEPUTY MAYOR SANCHEZ moved approval [to allocate Community Development Block Grant contingency funds in the amounts of \$19,500 to the Women's Resource Center, and \$5,000 to the Country Club Senior Center, increasing the funding for existing projects at both locations, and approval to amend the 2011-2012 Action Plan accordingly].

COUNCILMEMBER KERN seconded the motion.

Motion was approved 5-0.

27. **City Council: Approval of a Loan Agreement, Regulatory Agreement, and associated documents with Mental Health Systems, Inc., for the acquisition and rehabilitation of 707 North Clementine Street; approval of a budget appropriation in the amount of \$655,000 from Community Development Block Grant Program Contingency Funds for the project; approval to amend the 2011-2012 Action Plan; and authorization for the City Manager to execute the agreements**

- A) Mayor opens public hearing- hearing was opened.
- B) Mayor requests disclosure of Councilmember and constituent contacts and correspondence – Mayor Wood and Councilmember Felien reported contact with staff and public; Deputy Mayor Sanchez and Councilmembers Feller and Kern reported contact with staff.

- C) City Clerk presents correspondence and/or petitions -- none.
- D) Testimony, beginning with:

DAVID MANLEY, Neighborhood Services Division Manager, this item is asking Council's approval of a loan agreement with Mental Health Systems, Inc., to acquire and rehabilitate 707 North Clementine Street and approve the budget appropriation in an amount not to exceed \$655,000 from CDBG funds and to amend the corresponding Action Plan.

This is an existing 4-unit complex located in the North Townsite area. It was once used by Mental Health Systems and Family Recovery Center; however, the prior owner had been foreclosed upon, and Mental Health Systems were required to vacate the units. With its close proximity to their facility, it makes a good facility for their existing clients to move out of their programs and into transitional housing. This is a proposed loan of CDBG contingency funds; it's a conventional loan at 4.75% over a 30 year period. Mental Health Systems is also contributing \$70,000 of their own money as equity. The City's loan will be secured by a Deed of Trust and Promissory Note in the case of any default. This qualifies as a project under the CDBG contingency funds as a qualified transitional housing program and capital program.

The Housing Commission did review this at their December 12th meeting and recommended approval by the Council.

RICH BRADWAY, Mental Health Systems Family Recovery Center, would like to have Council's approval on this project. It is transitional housing for women and kids that move out of the Family Recovery Center. We have utilized this property for some time. Unfortunately with the foreclosure, we did have to move some of the women and kids out and find alternative housing. We would like to have this property because it is a loan, and it's a couple of blocks from the facility so transportation isn't an issue. Last year we had over 40 reunifications of moms with their kids. It allows them to keep a connection to the program, and we see the outcomes improve. It's a plus all the way around. We provide beds within the City that otherwise wouldn't exist, and we wouldn't have the outcomes we have to date.

CITY MANAGER WEISS clarified that the source of funding for this cannot be used to support any of the programs that you discussed a couple of weeks ago. Council is not using money that could otherwise have been used for some of those community programs that we had talked about.

With no one wishing to speak, Mayor Wood closed the public hearing.

DEPUTY MAYOR SANCHEZ stated the work of the Family Recovery Center is wonderful work. She moved approval [of a Loan Agreement [**Document No. 12-D0018-1**], Regulatory Agreement [**Document No. 12-D0019-1**], and associated documents [**Document No. 12-D0020-1 Promissory Note; Document No. 12-D0021-1 Deed of Trust**] with Mental Health Systems, Inc., for the acquisition and rehabilitation of 707 North Clementine Street; approval of a budget appropriation in the amount of \$655,000 from Community Development Block Grant Program Contingency Funds for the project; approval to amend the 2011-2012 Action Plan; and authorization for the City Manager to execute the agreements].

MAYOR WOOD seconded the motion.

Motion was approved 5-0.

MAYOR AND/OR COUNCILMEMBER ITEMS

- 28. **Request by Deputy Mayor Sanchez for an update on the new trash, recycling and greenwaste container rollout**

DEPUTY MAYOR SANCHEZ stated Monday is the implementation of our new hauler contract. She requested a presentation from Cari Dale, our Water Utilities Director, to the community because it's exciting, new and different.

CARI DALE, Water Utilities Director, stated the automated residential service is a new service that is provided under the recently renegotiated Waste Management contract. In preparation for launching the new services, staff has been working with Waste Management to get the word out to the public.

In September, Waste Management mailed out 45,000 brochures to single-family households, as well as HOA communities, which subscribed to residential service. In these brochures was an introduction to what automated service is, as well as information on the size of the carts and the difference in services. It was an introduction. Another thing that was contained in this brochure was information on several community meetings that both Waste Management and our staff held at the Civic Center, Senior Center and Melba Bishop Recreation Center in September and October.

Following those meetings, another brochure was mailed in October. Again, 45,000 went out. This brochure contained a postage-paid response card that allowed residents to select their carts and mail it in, or there was an online site to select carts. Of the 45,000 brochures that were mailed out, we got about a 30% response, which is fairly good. Since that time, Waste Management has been readying the launch of the carts, which is occurring in 5 days.

On January 9th residents will start receiving new carts that will occur over a 4-week period. During that time, 85,000 carts will be delivered to residents. Along with the carts, the residents will receive one of the brochures.

The standard service, if you didn't designate that you wanted something different than the standard service, is 1 grey trashcan, 1 blue recycling can and 1 green greenwaste, all in 96-gallon size. However, there is a lot of flexibility in the new service being offered. Residents may choose up to 6 carts: 3 blue recycling, 2 greenwaste and 1 trash cart. They are available in various sizes (35, 64 and 96 gallons).

The rate that residents are charged is based on the grey trash bin. Customers that have reduced materials going into the landfill and are able to use the new 35-gallon cart are cut a break with the rate. A computer graphic was used to show the different rates per cart size.

Once the carts come to your home, we also have a solution on what to do with your old bins. There are two different options. One is to have Waste Management pick them up. Each packet will contain 3 stickers that say "Take Me" and all you need to do is put those on your bins and put them out the following week. Waste Management will take them away. Another option is to drop them off. Locations were shown on a computer graphic.

It's important to understand that the new services commences immediately upon receipt of the new carts. If you put out your old bins or loose trash, Waste Management won't pick them up. In order to avoid a service disruption, we ask that you start using your cans immediately. Waste and recycling must be segregated properly into the appropriate cart, and all materials must fit within the cart. If a cart is overflowing or has materials that don't belong in there, it will result in the cart being tagged and some loss of service.

Over the next year, carts will be serviced by CNG-fueled vehicles, which is another service we're getting with the new contract. It's important to note that for successful pick up, carts need to be placed properly. They need to be out at the curb by

6:00 a.m. and removed by the end of the day. The most important trick is to make sure there is a 2-foot clearance from any obstacles, especially cars. With the mechanical arm, we don't want to damage any cars.

In the packet that is delivered with everyone's carts, there is a brochure about what goes inside each of the carts. Different from the bins, where paper was separated from plastics and metals, all of the recycling now goes into the blue cart. The brochure helps customers determine what goes in there. The lids of the blue carts will also have stamps showing what can go in them. The green carts will eventually have that as well.

With 85,000 carts being placed within the next month, we realize that we may not get it right, and we're asking for customers' patience during this time. It's going to be a very busy time during the deliveries, so we're asking that, if we've delivered you the wrong size cart or you need a different size, you wait until after February 4th to call Waste Management's customer service line. You can request a free exchange up to 90 days after the roll-out.

With everyone's participation and commitment, we believe that the new automated collection services will reduce waste and move the City closer to its zero waste goals.

DEPUTY MAYOR SANCHEZ stated it's been a great partnership with Waste Management. We had a challenge to be out there with the zero waste and include that, even though we talked about zero waste at the end of the contract discussions. She was pleased that we were able to incorporate that into our contract. She is pleased that we were able to get the colored carts because blue is universal recycling and we had discussed only the lids being different colors, but with the whole cart being one color it will make it harder to get them mixed up.

LORI SOMERS, Waste Management, stated we're ready for next week, when we're going to be delivering over 85,000 carts throughout the City. We're excited because the new recycling will be more convenient and easy as everything goes in one cart. The system also rewards residents who reduce their waste and go to the smaller carts. Deliveries are scheduled within 4 weeks; we don't have any specific times for any particular neighborhoods. We do plan, if we're going to be in your neighborhood, to be on your regular service day. However, we will be working through Saturday of each week to make sure that we catch up with everything. If you see someone getting a cart and you haven't received yours yet, please wait until February 4th because we plan to use every last day to get those delivered.

We did receive about 30% of the selection cards back. For those that we did not receive back, residents will be receiving the 96-gallon default size for both trash and recycling. Lastly, starting Monday we're going to have all of the information on the Waste Management web site. We're going to track our deliveries, so if we have any updated information you can check our website. We just finished a public service video on KOCT that ran tonight during Council's Closed Session and that will also have a link on the City's web site and Waste Management's web site to view. Waste Management's web site is www.northcounty.wm.com.

DEPUTY MAYOR SANCHEZ stated on the application it talks about if you wanted another greenwaste, and it sounded like you were going to continue to be able to use your existing greenwaste bins, is that correct?

MS. SOMERS responded yes. If you already have a greenwaste cart, you are able to get an additional one. We're not going to deliver you a new one unless you asked for an additional one. Also, there are probably close to 7,000 or 8,000 residents who already subscribe to the subscription cart service for trash. They have a grey cart already or maybe burgundy and won't be getting a new one delivered. If we do by accident deliver another one to you and you need it removed, please call us after

February 4th, and we'll make arrangements to remove it.

DEPUTY MAYOR SANCHEZ stated in terms of the plastic trash bags, they will not pick them up if they are in the greenwaste or the recycling, is that right?

MS. SOMERS responded that's right. Anything outside the cart is not going to be picked up. When the plastic bags are in the carts we're not going to be able to see them because the lids will be closed. If the plastic bags are making the lids stick up, then we will not pick those up. The only time you want to use the plastic bags is to take your trash out and still put it inside the cart.

COLLEEN FOSTER, Management Analyst, is excited to be starting these new services. It's been a work in progress for the past 2 years. The partnership the City has with Waste Management is great, and Oceanside is a green leader in San Diego County. These new services, with the ease to recycle and the incentive to recycle for a reduced rate, are going to increase our recycling and diversion rate automatically. When we're looking at our zero waste goals at 75%, we're going to be there sooner than later. We're going to be higher. She thanked Council for their support throughout the process.

Public input

JIMMY KNOTT, 127 Sherri Lane, thanked staff and Waste Management for the different events and forums over the last few months that have eased a lot of the fears of the senior community. They have also offered to come out to the mobile home and multi-family communities and help inform them on issues related to a different ways of handling trash and waste. There is another system that will be used for those types of communities.

He recently noticed some teenagers cleaning out their trash bin. They were washing it out into the curbway, which takes the dirty water into our creeks and river. That's not a good thing to do and is illegal. The City should encourage our users to properly clean the new bins and keep them clean. Other communities have professional services that do it for them. We don't want to go as far as having regulations, but it may end up being necessary.

Public input concluded

COUNCILMEMBER KERN asked if the milk crate recycling will be taken automatically or do we have to put the "Take Me" stickers on them?

MS. FOSTER responded the stickers are only for unwanted trash cans. The week after you receive your new carts, you will be putting out the old trash cans and crates that you don't want. We only want the stickers on the unwanted trash cans because we want to make sure we're not taking anything away that is something you use.

COUNCILMEMBER KERN used to put his carts on the sidewalk, but now we're supposed to put them away from the sidewalk, is that right?

MS. SOMERS responded we do prefer them on the street, but where you're putting your cans and crates now should be fine. The arm just needs to be able to reach that without obstacles.

COUNCILMEMBER KERN thanked Ms. Somers and Ms. Foster for meeting out at Oceana and explaining the system. At the end of the day, Oceana realized they're going to get a reduced rate since they're going to use the smaller 35-gallon carts.

COUNCILMEMBER FELLER asked if people can also keep the milk crates.

MS. FOSTER responded that is correct. The residents can keep the crates and use them for their own purposes. Whatever crates and trash cans are put out will be picked up by Waste Management, who will be recycling them.

COUNCILMEMBER FELLER asked if February 4th is the end of delivering the carts and the end of the forgiveness period as well for people who are putting out the old cans. At what point will you stop collecting 18 trash bags along the street.

MS. SOMERS responded we are going to give a grace period for that. We're also creating non-service tags that will be a reminder and an education piece if it gets to the point where we can no longer pick it up. We're going to do that ahead of time, too, and still pick up the material.

COUNCILMEMBER FELLER asked if the new trucks, that don't require having to wheel the cart out to them, are ready.

MS. SOMERS responded we do have a few trucks that will be ready to go. In the interim we will be using our other trucks so they will not be fully automated yet. By the end of the year, all of the trucks will be fully automated.

COUNCILMEMBER FELLER asked how you're coming along on the CNG fueling station.

MS. SOMERS responded it's coming along. It's going through its process.

COUNCILMEMBER FELLER asked how Planning is treating Waste Management.

MS. SOMERS responded they are being more than cooperative.

MAYOR WOOD thanked Waste Management and staff. This was a partnership. Being a City that's going to have a lot more of its waste being picked up and recycled, we are leaders in the area and the community. They are paying us money for this contract, and in this economy that's important. The clean air aspect of these new trucks is a dream here in Southern California. Those are the important things.

He was concerned about putting the carts in the street. The street sweeper comes around the same day as the trash, and the carts will get in the way. Also, he seldom fills up his greenwaste but once in a while he does a cutback of the trees and he wondered if he needs that second container.

MS. FOSTER responded that question has often come up at our public meetings. We encourage people who need it regularly to ask for a second container. But also, we believe in working with your neighbors and you might ask your neighbor if they have a little extra greenwaste room in theirs or possibly save it for the next week. The trucks will not pick it up if it's just on the side of the road because it's automated and the driver doesn't get out.

DEPUTY MAYOR SANCHEZ clarified if you currently have your trash picked up in the alley, it's going to continue to be picked up in the alley.

This was an information only item.

[Councilmember Feller left the meeting at 6:20 PM]

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.

30. **City Council: Adoption of an Ordinance of the City Council of the City of Oceanside amending Oceanside City Code Chapter 10A, by the addition of Section 10A.3(d) regarding smoking prohibitions** *(introduced 12/14/11, 5-0 vote)*

After titling of the Ordinance, **MAYOR WOOD** moved approval of adoption of **Ordinance No. 12-OR0026-1**, "...amending Oceanside City Code Chapter 10 by the addition of Section 10A.3(d) regarding smoking prohibitions".

COUNCILMEMBER KERN seconded the motion.

Motion was approved 4-0; Councilmember Feller – absent.

[Recess was held from 6:24 PM to 6:32 PM]

CITY CLERK ITEM

29. **City Council: Adoption of four resolutions relating to the Special Municipal Election to be held on Tuesday, June 5, 2012, for the submission of an ordinance to the qualified voters relating to manufactured homes vacancy decontrol, and approval of a budget appropriation in the amount of \$93,000 to the City Clerk Department Election budget to cover the costs of the Special Election**

HOLLY TROBAUGH, Assistant City Clerk, stated this item began with Council's May 25, 2011, adoption of Ordinance No. 11-OR0427-1, relating to the implementation of vacancy decontrol regarding manufactured homes. There was, subsequently, a successful referendum petition submitted to the City Clerk's office, which was certified to Council on August 17, 2011. At that time, according to Elections Code Section 9241, the Council had the option to repeal the Ordinance or to hold the Ordinance in abeyance and submit it to the voters. On August 17, 2011, Council did vote to hold the Ordinance in abeyance and submit it to the voters at a special municipal election to be held on June 5, 2012.

At this time, there are a couple of administrative actions the Council must take. First is the adoption of the resolution calling and giving notice of the special municipal election on Tuesday, June 5, 2012. Council also needs to adopt a resolution requesting the San Diego County Board of Supervisors to consolidate the special municipal election with the State primary election. These 2 items Council must take action on.

Additionally, there are items for Council's consideration. First is to adopt a resolution providing for the filing of written arguments regarding the City measure and directing the City Attorney to prepare an impartial analysis. As part of this resolution, Council needs to determine whether to allow written arguments from a Councilmember or Councilmembers for and/or against the measure. If Council adopts that resolution you must specify those two items. Also, there is the resolution that provides for the filing of rebuttal arguments.

Finally, there is the approval of a budget resolution in the amount of \$93,000 to cover the cost. We need Council direction on where we're going to take those funds from. As identified in the staff report, there are three possibilities. There is the

Infrastructure/Capital Projects Reserves, the Economic Stabilization Reserves or the Healthy Cities Reserves. This \$93,000 is an estimate from the Registrar of Voters; it could be more or less.

At this time, staff recommends that Council take the required administrative action by adopting the first two resolutions and also adopt the resolutions regarding arguments and rebuttals and to provide direction on the necessary budget appropriation.

Public input

JIMMY KNOTT, 127 Sherri Lane, homeowner's representative of La Salina Mobile Village and Director of OMHA, stated the cost of democracy in our republic is not cheap. If you want to keep it according to the intent of our founding fathers, we have to pay for it.

We need to consider a change in our Charter to allow designated voter by mail only. This would reduce the cost of this election and was not presented in this report.

There was no fiscal analysis or other various options presented to the public for this election. We were just given the \$93,000 total, and that needs to be clarified.

If you read the matter as presented, the wording is confusing and the terms are complex. Space rent means nothing to someone who lives in a single-family home, and market value can have a wide and varying interpretation. This needs to go back to the writers and be rewritten so the common person can understand it. This is misleading.

BARBARA MELLOR, 900 North Cleveland, stated many of us are wondering just how your repeated promises about fiscal responsibility during the last election relates to your actions here tonight. We recall brightly colored campaign placards received in the mail which had the main theme about how Jerry Kern and Gary Felien promised a strong reliance on fiscal responsibility that would be an overriding factor in their actions on the Council. Tonight, it seems to us, that spending over \$90,000 on a ballot measure, to which some 15,000 voters have already indicated they are seriously opposed, hardly represents this promised fiscal responsibility. In fact, it would appear to be just the opposite - your blatant irresponsibility with our City's money.

We find it difficult to understand why you would consider taking this irresponsible action when clearly so many registered Oceanside voters are opposed to it. These voters would appear to be the very same voters you were making promises to about the overpowering need for fiscal responsibility in City government that only you 2 could provide when you wanted our votes. Now it seems you have considerably different priorities, based on considerations that are difficult, if not impossible, for most of us to understand, unless we consider campaign contributions an overriding priority in your actions. We would like to see some of the fiscal responsibility in action here tonight regarding this frivolous spending of \$90,000+ of our money on a ballot measure that none of us want.

SHEILA KADAH, 5301 Village Drive, doesn't understand how Councilmembers Kern, Feller and Felien can do this. They constantly say we have no money; we have to close schools, cut library hours and stop programs that are good for Oceanside. But then recently they passed a bill to spend over \$70,000 on a third study in 4 years about the budget. Why? Because the first 2 didn't come up with the information they wanted. They also stopped a program that was in effect for only a few months that charged insurance companies for clean up on our streets when there was an accident. Now that, too, comes out of our General Fund.

Mobile home park owners made fantastic money on the strip of dirt that they provide for the mobile homes. For example, the Epstein's, who are third generation park owners, probably bought the land for a reasonable price and own it outright now. They

have 165 spaces in Mission View Manor and 108 spaces in Mission View West. The average rent is \$400 per month. This makes them something like \$1,300,000 per year, and that's with rent control. Without rent control, it creates a monopoly for park owners. It lowers the value of the mobile home and makes it almost impossible to sell. Talk to people in Newport Beach since that City got rid of rent control.

She thought the Council was supposed to work for the people of Oceanside, not just the people who contribute to their campaign. In less than 30 days the people of Oceanside spoke; we got over 15,000 signatures wanting to save rent control. At that time Kern, Feller and Felien could have supported the people of Oceanside and saved rent control. Instead they voted to spend \$93,000 to bring it to a vote. Why? When she was out there every day getting signatures, she had people stand in line to sign the petition. There was almost no opposition. The people of Oceanside spoke, and again Kern, Feller and Felien didn't listen.

Keep rent control, do not create a monopoly and do not spend this \$93,000.

FRANK MERRIFIELD, 200 North El Camino Real, showed examples of mobile home lots in his mobile home park – one occupied and one empty – to demonstrate that the lot with the home and improvements has more value than a strip of dirt with nothing on it. He doesn't understand why we would spend \$93,000 on this election when we could do it in November for half price.

JIM SULLIVAN, 900 North Cleveland #159, stated the resolution, as printed in the staff report, talks about implementing vacancy decontrol and allowing space rents to increase to market value. In Councilmember Kern's original ordinance, it says it would allow rents to be raised without limit. Where did this change come from, who authorized the change and what does it mean to the homeowners? As shown previously, the homeowners have a far larger investment. The real value in the space is not the dirt, it's the home. We are homeowners, and this is all about property rights. He understands very clearly the issues at hand.

CITY ATTORNEY MULLEN responded there haven't been any changes in the ordinance since it was introduced. It was introduced and then adopted by Council, and then during the 30-day period, it was subject to the referendum. The ordinance that's in front of Council in the packet tonight is the same ordinance that was successfully referended. The ordinance itself and the caption of the ordinance were not changed.

DEPUTY MAYOR SANCHEZ asked the same question of the City Attorney before the meeting because her recollection was the same that there was discussion that there would not be a cap, that it would be without limit. She asked the City Attorney if that means that the owner of the park could raise the rate to whatever amount they felt, whether or not it was a prevailing market rate or not.

CITY ATTORNEY MULLEN responded, yes the owner can charge what he wishes to charge. Subdivision E, which is what the Council adopted, says specifically that the rent for the space may be increased without limit upon a change in ownership of the manufactured home that is on the space.

DEPUTY MAYOR SANCHEZ's concern is that it says to market value here, which suggests that there is a cap of whatever the market surveys are for the average market. How are we going to address this almost inconsistency?

CITY ATTORNEY MULLEN responded the term 'market rent' appears in the caption of the ordinance and has always appeared in the caption of the ordinance. The actual ordinance will be in the Sample Ballot, so the voters will be able to see the specific language. His City Attorney Analysis will address that issue as well.

DEPUTY MAYOR SANCHEZ clarified that in the City Attorney Analysis it will

clearly state that it can be raised without limit; it can be raised to anything.

CITY ATTORNEY MULLEN responded that's correct. It's up to the owner to charge rent.

LINDA WALSHAW, 151 Robby Lane, stated the existing law for mobile homes was implemented to stop Oceanside park owners from engaging in rent gouging, doubling rents after homes were purchased and forcing people to abandon their homes to the park. It isn't rent control; it's rent protection. Your vacancy decontrol ordinance would restore park owners' ability to engage in rent gouging. It does not say rents can be raised to market rate, it says rents can be raised without limit.

Mobile and manufactured homes are not subsidized housing. These homes are bought and paid for by the homeowners who pay all maintenance, landscaping, utilities, etc. These homeowners are Oceanside taxpayers and voters. We pay property taxes. Mobile and manufactured homeowners do not cost other taxpayers a dime. In fact, these homeowners pay a separate fee to the City that is paid by no other taxpayer. The only costs associated with these parks have been lawsuits brought by park owners. The only shortfall was caused by a previous Council's failure to increase the City fee, and that was corrected long ago.

Your vacancy decontrol ordinance would require homeowners' children or other heirs to live with them until their death in order to inherit their families own property without being penalized. There is nothing to prevent a park owner from raising an heir's rent without limit to force them to abandon the home. You claim current homeowners won't be affected by vacancy decontrol, but you fail to mention what will happen to a current homeowner when they need to sell their home to pay for assisted living or go into hospice. What buyer would buy a home knowing their rent will be raised without limit?

Courts repeatedly ruled that both homeowners and park owners are property owners, and Oceanside homes must be located within a park, making these homeowners captive customers. Courts uphold the existing law because this business is a monopoly, and homeowners are at the mercy of the park. Manufactured homes are not in fact mobile once installed. The only means test necessary for these homeowners is the one that was required to finance the purchase of their homes. These people own their homes, and the only thing they rent is an empty parking space.

DIANE HANSON, 200 North El Camino Real, stated since this Council has refused to take the moral and financially fiscal action of repealing the rent control ordinance, she is requesting once again, as she did last August, that Council put the ordinance on the primary ballot in June instead of asking for a special election, costing \$93,000, which the City doesn't have.

Regarding the ordinance's wording, if no changes have been made to this ordinance then they should be. Not only about the amount, but it says if she dies she cannot leave her home to her son unless he's living with her at the time she dies. She has \$150,000 wrapped up in her home, and she's sure that if you had that much invested in your home, you'd like to leave to your son instead of a landlord.

VICTOR ROY, 200 North El Camino Real, quoted remarks from Tim Sheehan, Regional Vice-President of GSMOL, which stated he has attached a listing of 3 Escondido mobile home parks where the park owner owns all, or virtually all, of the homes in the park. As mentioned the last time he spoke in front of this Council, the majority has looked for an excuse to support out-of-town park owners, the 1%, rather than every reason they should support their own constituents, the 99%. This is evidenced by Councilmember Kern citing the Trulia Graph showing home values have not been affected by vacancy decontrol in Escondido. The sampling was likely not legitimate for an apples-to-apples evaluation. Kern also failed to recognize that unlike what he has

proposed for Oceanside, at least rent control is reactivated in Escondido after the vacancy rent increased has been imposed.

With rent control going away completely with Kern's proposal, home values in Oceanside would drop much more than in Escondido. Citizen's count on City Hall to be their protector against the worst of the worst abusers, but Kern, Feller and Felien are inviting much more abuse to occur in the future, like is happening in Orange County, where some mobile homes space rents now surpass apartment rents. They should have sought worst-case scenarios and not best-case scenarios when considering the potential impacts.

As far as Councilmember Felien's point about the oil embargo regulation being counter-productive because of reduced supply. A true analogy would be if a car owner could only buy gasoline at one particular gas station and the station operator knew it, some operators would be fair, but others would gouge to the hilt because of their captive market, as we have in mobile home parks.

Personally, he opposes the frivolous spending of \$93,000 for a special election on vacancy decontrol and requests that the Council now repeal the very unpopular ordinance amendment of vacancy decontrol and redirect this \$93,000 to be better spent on restoring City services, which have been cut and cut again by our current Council majority. Let's restore our services to better help and support all of our residents, age groups, children and grandchildren.

SUZY SHROYER, 276 North El Camino Real, came across a letter in the *North County Times* this morning asking where the study is on vacancy decontrol. Our City Council majority is very prone to order consulting reports on issues pending before the Council. Even wildlife gets an Environmental Impact Report (EIR) before projects are implemented. Yet, last May Councilmembers Kern, Feller and Felien passed the vacancy decontrol ordinance that will impact thousands of Oceanside senior citizens living on fixed incomes in our mobile and manufactured home communities without any indication of the affect it will have, not only on this specific group of seniors, but on local businesses if this large group of seniors, retired veterans, widows and disabled persons are forced to relocate. Oceanside homeowners, taxpayers and voters are being targeted by this ordinance. Park owners claim that current homeowners won't be affected, but one has only to read the ordinance to know that it allows rent to be raised without limit. Even for the homeowners' adult heirs, it would require them to be legal tenants in the home at the time of their parents' death. If the public is going to vote in June, they are entitled to know all of the facts on both sides of this issue.

POLLY FUKUHARA, 520 South Ditmar Street, stated everything she wanted to say has been pretty much said. She wanted to add that what will be on the ballot says that the rents will be raised to market rate, and it's actually going to be allowed to be raised without limit. As it is written right now, it is completely deceptive, which isn't surprising. You have written a law that is going to cause people to become homeless. It is unethical and without humanity. She can't believe you're doing this. You are throwing the seniors, disabled and working poor under the bus in favor of the rich and privileged people who own the parks. They all have plenty of money and have always gotten a fair return on their investment, but they're not satisfied with that. They have a captive audience, and they intend to gouge them when they can. That's what this ordinance is going to do. It will also cause people to lose their homes because they will not be able to resell them once this ordinance is in place. They cannot sell their homes when the people who are buying it don't know what they're going to pay for rent, and they cannot deed their homes to their children unless the children are living with them. That's unfair.

DONNA MCGINTY, 2405 Mesa Drive, lives in a residence that she bought 40 years ago, which has considerably depreciated over time. However, it's hers, and she worked and paid for it. If she sells her home and tries to go to another place to live,

she loses her Proposition 13 property tax control. She likens that opportunity to protect her interest in tax control by Proposition 13 to the opportunity that these folks have in rent control before any of this stuff started. Nothing has changed for them. They're living in their mobile homes and paying the same rent they always have, outside of the cost of living increases. If they have family that live with them, they can continue living there. The only issue is, just like with her, if we die we lose our protection status. That's a given. Their homes are a much worse investment than hers is. A mobile or manufactured home has a much bigger depreciation in value than hers ever has or will. Our property values are not going to go up anytime soon, and she is not in favor of rent control. It should be left to go the way it's planned. The silent majority of this community are going to be heard in the voting process. She doesn't believe it's fair to leave this life-changing decision to any of the Councilmembers no matter how much pandering for votes it might get you. You aren't qualified to make this vote as a life-changing measure. The voters will make this decision.

CHARLES McVAY, 200 North El Camino Real #148, stated if memory serves him correctly, our City Manager informed Council that the City would face a \$2,000,000 - \$2,500,000 deficit in fiscal year 2012-13; that would go to \$6,500,000 in 2015-16 and would continue this way unless the City cuts it's spending. Yet, Councilmembers Kern, Feller and Fellen, with a deficit of this magnitude, want to spend \$93,000 that we simply cannot afford in an attempt to pass this vacancy decontrol. This selfish, senseless waste of taxpayer money could and should be used to save jobs and much needed services, not reward out-of-town park owners for their lavish contributions to your campaigns. This is the only reasonable conclusion he can come up with in lieu of the fact that you did not listen to your constituents. Rather, you chose to listen to the out-of-town park owners. There are no benefits to the City in doing this; it only benefits the park owners.

For the record, approximately 2,592 mobile homes are each assessed \$11.40 per month for a fee to pay for defending the City's mobile home rent control ordinance. To insure the fees keep pace with inflation, these fees are tied to the Consumer Price Index (CPI), insuring no cost to the City nor the taxpayers to defend the City ordinance. These funds are put into a special fund and can only be used for this purpose. If you feel you must go on with this election, why not let the voters vote on whether they want to spend this money like you want them to do on this election. We all know they would not pass this. He hopes Council will do the right thing. We can't afford to spend this type of money for something that we get absolutely no benefit out of whatsoever.

SUZANNA RAY, 200 North El Camino Real, put before Council a numbered resolution that Council passed regarding vacancy decontrol and an unnumbered resolution to call attention to the discrepancy of these documents. Many have alluded to the difference between rent without limit and market rate. Many conscientious voters in this City believe in a free market, but they will not abide being lied to and will resent having you purposely misrepresent this issue. Any person who votes for this resolution is saying that they personally and with intent are choosing to be dishonest and deceitful towards the voters in this City. If Council persists with full intent and forethought to vote for this resolution as it is written, you may continue to represent those who are willing to lie, cheat and steal and are willing to use deceit to gain their own ends, but you will no longer represent her. May God have mercy on your soul.

DON RODGERS, 900 North Cleveland Street, is a lifelong conservative and suspects if he sat down with Councilmembers Kern, Feller and Fellen to discuss issues of the world and country, we'd agree on most of them. He represents the thinking of many conservatives in this town. In the months that this has been going on, he's revisited this issue a number of times, talked to people who are going to be impacted by it and has talked to people on both sides. For the life of him he can't find a benefit for the City in this. It's clear that the number of people who are going to be hurt by this are far and away above the number of people that are going to benefit. The timing and cost of this has no justification, especially when you consider the impact on the citizens of Oceanside. To all of the Councilmembers he says political philosophy does not trump

the safety and welfare of our citizens. This issue is simple; several thousand citizens will be impacted and harmed, some irreparably by this action. Reversing this decision does not compromise anybody's political stands or philosophies. It is simply the right thing to do for the majority of the citizens that are affected.

JULIE PAULE, WMA, 40335 Winchester Road, #D-165, Temecula, is a registered lobbyist. It's unfortunate that we have to spend more money on this policy change. The change is fair, and it continues to protect homeowners, insures that the parks can stay open and stops the abuse of taxpayers that are forced to shoulder a good portion of the burden of the escalating costs of rent control. It comes before you by the same group of people that forced a \$500,000 special recall election and are chronically unhappy. Instead of waiting for the next election to advocate for a different set of policy makers, they demand another \$100,000 on top of the \$40,000 that was spent to certify the signatures for a vote. It's disappointing that this was avoidable had Councilmember Sanchez allowed the compromise talks to go forth. We're at this point because of her actions and her unwillingness to work with all parties. A lot has been said about caps and studies, and those are all things that could have been discussed in those discussions with all parties. At the end of the day, this election is a small price to pay compared to the costs of rent control and the endless legal battles. It's a smart investment on restoring fairness for all of Oceanside. She thanked the Council for staying the course of fairness and providing a balanced approach to this difficult housing dilemma.

ROBERT RYAN, 900 North Cleveland Street, showed a graphic of the referendum petition that was signed by 15,000 voters, and those signatures were verified. Nowhere in the ordinance does it say market rate. It says without limit. That's the wording that should be on your resolution if you're going to go forward with it. The way you're wording this and what you're doing is allowing for constructive eviction of people from their homes, and it is not fair. He doesn't know how you can talk about fair when you allow a park owner to raise the rents so nobody can actually get any equity out of their house or have anything left in the value of it.

As the proponent of the referendum, he thinks he has the right to speak when this resolution is done. He should be allowed, along with others, to make the rebuttal to the argument for it and not City staff. He doesn't trust them.

CITY ATTORNEY MULLEN responded City staff are not going to be submitting any arguments in favor or opposition. There's a process that the Election Code sets up for arguments, both in favor and in opposition. There is a resolution in front of Council tonight that Council can take action to designate one of its members, if it chooses to do so, to make an argument in favor or against, and any interested voter can submit their own argument in favor or against.

DANA CORSO, 5838 Ranchview Road, stated contrary to what the lobbyist said previously, she is the President of ACTION (Alliance of Citizens to Improve Oceanside Neighborhoods). Her group led the referendum and the signatures, and she had nothing to do with the recall. In the past 12 months our Council majority of Councilmembers Kern, Felien and Feller as taken various actions; including wanting to spend \$30,000,000 on a road that will destroy part of Guajome Park and 14 homes to benefit commuters, wanting to place a dump site at Gregory Canyon, next to the San Luis Rey Riverbed and our water source, reducing fees to builders, putting forth the development of Morro Hills, where ultimately the taxpayers will have to pay for the sewers, and outsourcing our police and fire and replacing our paramedics with EMT's.

Now they want to get rid of rent control that has worked for 30 years so all of the residents who live in the mobile home communities will not be able to rent or sell their homes because their rents can be raised without limit.

By your own terms and your own words, it is without limit. We don't have the

money to dip into the City's reserve unless it's a natural disaster such as a tsunami or earthquake. With this decision to enforce vacancy decontrol, you are enriching multi-million dollar corporations. This does not benefit the citizens of Oceanside at all. Clearly all of these decisions made by this Council majority benefit only corporations, out-of-town developers and your large campaign donors, not the residents and taxpayers of Oceanside. This needs to be repealed or moved to November's election, where it will cost much less. Perhaps we can elect someone who cares about the residents and the future of our City.

ROBERT MARKLEY, 200 North El Camino Real, Vice-President of ACTION, asked why leave the City susceptible to a lawsuit for misrepresenting the vacancy decontrol amendment. The proposed wording on the ballot issue is misleading and requires every voter to read something else to get a true picture of what the issue is. How many people are going to read that? Not many. Why not just put it out there with an accurate description of what the real issue is – allowing space rents to increase without limit. Why try to trick people?

AMY EPSTEN, 140 Douglas Drive, Mission View Manor, is the Campaign Manager for Oceanside Taxpayers and Property Owners. Her family has owned and operated a mobile home park in Oceanside for four generations and she urged Council to let Oceanside vote. Earlier this summer, the Council amended Oceanside's mobile home rent control ordinance to provide vacancy decontrol, allowing park owners to raise rents to market levels as current residents move. Again, all existing residents would continue to receive rent control benefits for as long as they live in the parks.

Council took this action for several reasons. One was to reduce the administrative costs of the ordinance on taxpayers. Second was to prevent the endless legal expenses associated with defending a one-sided ordinance in court and to add stability to mobile home living in Oceanside - a lifestyle which is in jeopardy in Oceanside if more parks close because property owners are denied a fair return on their investment.

Vacancy decontrol brings Oceanside's excessively strict mobile home rent control law in line with a policy adopted by and working well in most other California jurisdictions. So, while vacancy decontrol doesn't entirely please the other side, it's a good balance that puts the interests of our entire City first. Again, existing mobile home park residents keep rent control for as long as they live in the park. By allowing park owners to charge market rents as tenants move out, the policy discourages park closures, providing more stability.

Finally, vacancy decontrol reduces the tremendous costs that Oceanside taxpayers have had to bear to administer price controls and defend one of the State's strictest rent control laws in court. Rent control costs all taxpayers significantly more money than an election. Please let Oceanside vote.

JIM JENKINS, 1429 Calle Marbella, is confused again. A couple of words stick out in his mind and those are 'constructive eviction'. Fair market value is set by a number of people, not just an individual like the owner of the property. You get surveyors that come in who evaluate and survey the land and come back with a fair market value. Then the lenders can look at how much they're willing to lend, based upon that fair market value. Fair market is truly based upon what the market is willing to bear. When you start putting in situations such as uncapped ceilings on a lot and charging \$2,000 on a lot that's maybe only worth \$500 - \$600, that's not right. That's just forcing an issue and forcing people out, and that's constructive eviction. This becomes a burden to others in the community as people are now not able to spend as many dollars in the community. Council needs to consider this.

He asked if the impartial analysis will really be impartial or should we let both sides submit their concerns and issues.

Public input concluded

COUNCILMEMBER KERN asked Mr. Ryan to read the first 3 lines of the petition where it states the words 'market value'. That's our intent. We're getting into semantics about 'without limit'. Right now it's limited because it's rent controlled, and we're saying we're going to take that limit off, which is fair market value. There will be an appraisal, and nobody would buy anything without a fair market value appraisal. That will be the market. There are going to be protections here. The fair market value question has been answered, not only by staff but in your own petition.

One of the other speakers talked about other cities going to vacancy decontrol. There are 481 cities in the State and only 81 have any type of rent control. Out of those, 67 have vacancy decontrol in one form or another. There are only about 2 dozen cities that have a rent control ordinance as onerous as Oceanside. The trend is to go away from that. Newport Beach, Santa Cruz and now Chula Vista have all gone the direction of vacancy decontrol for this very same reason.

He moved to adopt **Resolution No. 12-R0022-1**, "...calling and giving notice of the holding of a Special Municipal Election on June 5, 2012 for the submission of an ordinance to the qualified voters"; and **Resolution No. 12-R0023-1**, "...requesting the Board of Supervisors of the County of San Diego to consolidate the Special Election with the State Primary Election to be held on Tuesday, June 5, 2012, pursuant to Section 10403 of the Elections Code."

COUNCILMEMBER FELIEN seconded the motion.

COUNCILMEMBER KERN thanked everyone for coming. These are arguments that we've heard before, and the cogent argument is let the people vote on it. When people signed to have a referendum, then let's let them have a referendum and let the people decide. This is going to go to a vote of the people, and that will settle this once and for all. It'll never have to come back again.

We've been suffering through this for 30 years and there are tremendous costs associated with it. He believes the General Fund budget paid out \$300,000 in one year alone. We need to save the money there.

As far as the cost of the election, nobody was up here complaining about the \$506,000 cost of the recall a few years ago. The crocodile tears of spending \$93,000 is a little disingenuous on some people's part because they were part of the people who wanted us to spend \$506,000 for a recall.

Hopefully we'll move forward with this. We'll have an election in June, and both sides will get their voices out to the public and let the public decide.

DEPUTY MAYOR SANCHEZ stated that her preference would be to repeal the ordinance. Our rent control ordinance has been upheld as constitutional. We had one attack on it having to do with whether it was an unconstitutional taking of somebody else's property. It was upheld as constitutional in that it provided a fair return on the investment of the park owner. Our rent control is fair and provides a level field between 2 property owners. We're not talking about a situation where you have a pure renter who has no investment in the 4 walls. We're talking about people who have bought their home and are putting it on a parking lot. That constitutes 2 property owners.

In the last few months she has been overwhelmed by the reports that she's been hearing about unfair practices against the residents, especially in 2 or 3 of our parks. The constructive evictions are not waiting until whether or not this passes; it has begun. We've got real people behind this. She doesn't know what other cities do; she cares about and is responsible to this City and our residents. She hasn't really looked at what

other cities are doing because that's not her job. Her job is to be the people's representative and to do the best and fairest job possible. It's been heartbreaking because we're talking about seniors, veterans and widows of veterans. When they get these eviction letters, they don't have money to pay for a lawyer and don't know what to do. Their whole investment is their home. They made what they believed to be their best decision in how they were going to spend the rest of their lives and not be a burden to government. They were going to pay for their home, and they did. We're not talking about people in their 20's or 30's; we're talking about people in their 50's to 80's and even some in their 90's. They don't have families that they're going to be able to go to, so where are they going to go.

She asked the City Attorney if we're able to change the language of the ballot measure to reflect the increase of rents without limit.

CITY ATTORNEY MULLEN responded you are not able to change the ordinance. You adopted an ordinance, including both the caption and the body of the ordinance, and that was successfully referended. The decision for the Council a couple of months back was either repeal it or set it for an election, special or general. You can't change the ordinance. Within the resolution is the ballot statement and that's governed by the Election Code, which says in Section 13120 is the ballots used when voting upon state, county, city or district statute or ordinance referred to the voters of the respective jurisdiction as a referendum measure, shall have printed on them the words 'shall the statute or ordinance, stating the nature thereof, including any identifying number or title, be adopted'. So in preparing this resolution, the City Clerk's office used the title in conformance with the Elections Code. This section could be changed but the ordinance cannot be changed.

DEPUTY MAYOR SANCHEZ believes that the title is inconsistent with what the actual ordinance says and does. She agrees that it seems really unfair, but there was nothing else. The Mayor and she both voted against it, and there's nothing else we can do.

Regarding the \$93,000, the law states that the election shall be heard at the next municipal election or at a special election. June is a special election because our municipal election is in November. It is turning out to be at a time when we have zero money left in the General Fund. We don't have \$93,000. This past year we've talked a lot about whether or not we should ever dip into the reserves. The Mayor and she have talked about going in there to at least save the Marshall Street pool or save John Landis Park and San Luis Rey Resource Center from closing, etc. The response we've gotten back was no, we need to hold off until there is some kind of natural catastrophe, like a tsunami. It's a very high standard, and she and the Mayor argued unsuccessfully that we should be a little more flexible about that. She doesn't believe this qualifies as a natural catastrophe, so she doesn't know where we're going to get the \$93,000. If this is going to go forward perhaps we should set it for the November election, which then would cost a lot less money. She asked the Clerk how much it would cost to put it on the November election.

ASSISTANT CITY CLERK TROBAUGH responded the estimate we were given for November was \$45,000 - \$56,000, and with the Registrar's office it's usually the higher quote.

DEPUTY MAYOR SANCHEZ stated it's close to half that we would be saving if we went to November's election rather than June's. She asked the maker of the motion and the second to consider changing the resolution to November and save the money. Where is this money going to come from and can we move it to November?

COUNCILMEMBER KERN responded we set it for special election back in August the last time we voted. He doesn't think there's going to be room on the ballot in November. Governor Brown and the legislature are going to put so much stuff on the

ballot, and it is just going to be lost. This is something where the citizens of Oceanside want to vote and have their attention on it. We already made the decision last year to put it on the June primary, so we should go forward with that.

DEPUTY MAYOR SANCHEZ asked if we would be able to change it to November's election.

CITY ATTORNEY MULLEN responded Council has previously given direction so these resolutions were drafted based upon your prior direction. He doesn't see a legal reason why it couldn't go on November. The Election Code sections on referendum state that the ordinance is stayed effectively until the next municipal election, which would be November, or a special election called to consider it, which is what you're doing tonight.

DEPUTY MAYOR SANCHEZ stated it would normally have been set in November as the City's next municipal election, but it could have been set, which is before us now, for a special election, which is June.

CITY ATTORNEY MULLEN responded it can be set on either. Because you made the decision in August when the signatures were presented, that's why you have the item in front of you the way it is.

DEPUTY MAYOR SANCHEZ stated theoretically we could change that to November, is that correct?

CITY ATTORNEY MULLEN hasn't independently researched that because of your prior direction, but he doesn't see any legal reason why you couldn't.

DEPUTY MAYOR SANCHEZ would propose that we try to save money. Some of this money could have saved the Marshall Street pool and we've never been in this position before of having to count dollars. She asked Council to consider moving this to November's election.

MAYOR WOOD stated he would second that but he's knows we're not going to win that so he doesn't want to waste the public's time. He agrees that it belongs in November at a cost-savings and to allow a little more time.

COUNCILMEMBER FELIEN stated one reason our reserves are zero instead of \$500,000 is because it was wasted on the most dishonest recall election in the history of California. It was an election that was so bad that it's the only one in the history of the State to have fewer votes for the recall than the signatures required to put it on the ballot. That was \$500,000 down the drain. The very people who wasted that money are coming here with crocodile tears for the cost of \$93,000, and it's not believable.

Back in the summer when this was debated, many of the speakers had valid points that he and other Councilmembers acknowledged at the time, which is why he offered an option to extend for 30 days to discuss every one of those points that was brought up regarding the issues of market rate, rewording to address issues, etc. Having never owned or lived in a mobile home park, he was willing to have people bring forward issues that he may have overlooked or not properly considered. The opponents of the ordinance chose to turn down the 30-day offer to hash out those issues. So it seems disingenuous to bring those up now as reasons to postpone the election.

In his personal opinion, there seems to be some level of frustration by certain political segments in the community that don't understand that 2 votes is not a majority of 5. Somehow they thought that turning down the 30 days would eliminate the problem. He can't understand the logic of why or how that decision was made because it allowed 30 days more to organize the referendum if nothing came out of those 30 days of discussion. There was no down-side risk whatsoever to the opponents of the

ordinance to hash it out and see if some compromise could be made.

With this formula we're talking about phasing out rent control over a 20-year period, and he was happy to listen to any other roads that got us to the same destination of phasing out rent control over a long period of time. It's simply not the job of government to decide what a fair market value is for a private sector decision. However, the ordinance, by phasing out rent control with this formula or any other formula that may have been brought forward, recognized that people bought mobile homes in the communities based on the existence of rent control at the time, and the ordinance acknowledges that fact. It's basically decontrol as new buyers come in. They will make that decision with open eyes on whether or not they want to place themselves in that position to be purchasing a home, while at the same time the park owners haggle with them over what rent they want to pay. It's not the job of the City to decide if that's a good decision or not.

Another issue is that the rent control ordinance and its costs are not self-supporting. That issue was brought forward with complete clarity when this was debated in August. We have millions of dollars in staff costs for legal staff time that are unreimbursed by the rent control ordinance. We also saw, based on the City's own documents, that hundreds of thousands of dollars were transferred from the General Fund to support the rent control ordinance that have never been reimbursed. But the larger issue by having this rent control ordinance is legal exposure. Before we came out here tonight we were in Closed Session discussing one of the endless cases that are exposing the City to costs if we lose. We have risks if we approve settlements, if we appeal them if we accept offers on the table. There is no risk-free course. It's appropriate that, based on those exposures of millions of dollars, that the voters decide whether or not they want to have that exposure and that vacancy decontrol provides a path to lessen that expense or if they adhere to the arguments of the opponents and want to with open eyes take on that exposure to support the rent control ordinance. He feels it is important that decision be made in June, even though the cost is slightly higher, because every candidate running for office in the November election needs to know what the will of the people is. He supports moving ahead. All of these issues and many others are going to be debated as part of that election, and it will settle the issue once and for all.

These costs that he just cited are far greater than the \$93,000 costs of the election as they will be ongoing and as such, are monies that will have to be cut from other segments of the budget. It's interesting that the recall election that cost \$500,000 was all based on a premise to have out of control labor costs that are far higher than similar cities, and that's one of the reasons our budget and our reserves are at zero. Bad decisions from the past have come forward to haunt us now. Now we're going to be looking at the bottom of the cookie jar to see where we're going to come up with \$93,000. One way or another, the citizens are going to decide this issue; they'll provide direction toward the elected officials of the City and we'll be done. In the end, it doesn't matter what any of our personal opinions are; the people as a whole can decide this issue, and we can move forward and have it behind us.

COUNCILMEMBER FELLER stated we could have saved a lot of things with the \$500,000 for the recall election. Everybody is affected right now by a diminished value of their homes; it doesn't matter where you live. He asked how much the dollar amount was we talked about for the primary in August.

ASSISTANT CITY CLERK TROBAUGH responded in August the choices were the November election for \$45,000 - \$56,000, the June election for \$82,000 - \$93,000, and over \$500,000 for a stand-alone election. These were August estimates.

COUNCILMEMBER FELLER asked if this was by a vote of the people when it was brought forward in 1984.

CITY ATTORNEY MULLEN wasn't here in 1984 but thinks it was an ordinance. He will follow up and get that information to Council.

COUNCILMEMBER FELLER doesn't think there was the sophistication to bring forward a referendum in that era when this was being put out for the park owners to accept whether they wanted to or not.

Regarding eviction notices, he hasn't heard of any eviction notices.

DEPUTY MAYOR SANCHEZ thinks Councilmember Feller will get a lot of calls tomorrow regarding that.

COUNCILMEMBER FELLER stated that's fine, but they're not speaking to him at this point. He is of the firm belief that if this City remains a rent control city, these parks would have no choice but to close. There was one woman who said this was a special election but it's a primary.

ASSISTANT CITY CLERK TROBAUGH responded it is a special election for the City because it's on a different date than our normal election date. But we are going to consolidate with the primary.

MAYOR WOOD noted these people have been here several different times to explain their concerns and issues. He agrees with the audience complaining about this 100%. He and Deputy Mayor Sanchez are 2 votes out of 5, and he can't change that. The people can, but he can't.

He believes this is mean-spirited and extremely poor timing in this economy. He was confused by some of the Council issues because the big issue seemed to be property rights. As Deputy Mayor Sanchez said, it's one set of property rights against another set of property rights, people who own the units versus people who own the ground. Which side do you pick? It's a confusing issue regarding property rights. We shouldn't go with the smaller group versus several thousand.

He's concerned about the wording that's been brought up a couple of times because it makes a difference to the people who don't really understand and are going to vote on a ballot. The big difference is unending price increases compared to market value increases. He doesn't want to have this overturned in a lawsuit after the election because of the verbiage. Something as simple as that could throw this in the trash and we'd have to start over again. If this is going in front of the public, it should be worded exactly the way it should be. If not, we may be risking litigation.

He is concerned because he hears things about the \$93,000, but none of us can accept the blame about the economy. It's not just here; it's worldwide and certainly throughout California. They've taken a lot of money from our budget that if they hadn't taken we would never be in this situation. We're scraping like all cities, but we're doing a pretty good job. On the other hand, he doesn't want to hear about \$500,000 for a recall because you'd have to have all the facts about it. There's more to it, but it cost money. That was a time when we were better set up financially.

He hates to see spending money when we've got so many things that are closing. All of the citizens expect us to provide services, i.e. streets, parks, parks and recreation, senior services, police and fire. We're getting tight on that and are seeing decisions coming up about cuts.

For tonight, he can't win this vote. Hopefully we're going to have one of these Councilmembers do the rebuttal to this and some of the people in the audience or part of the different groups will also be involved in it.

DEPUTY MAYOR SANCHEZ pointed out that this ordinance takes 2 readings.

The first reading was voted on, and the second was going to happen about 2 weeks later. That would have left very little time for the residents to act. She believes there was a request by the residents to not go forward on the first vote to allow for some discussion. That was not done. We all have our individual recollection of what happened, but she remembers that the first vote was done. As an attorney, she would never suggest to someone to do something that would put them in a very difficult situation in exercising their constitutional rights. Our rent control ordinance for mobile home parks has served us for 25 years. It's a good ordinance.

COUNCILMEMBER FELIEN stated it's true. When he talked with people in private he said that he was never open to the idea of postponing the first vote and the first vote when ahead. He looked at it from the standpoint that the first vote is not good without the second vote, so it doesn't matter whether you postponed the first vote or the second vote. The first vote put something on the table. We offered at the time of the second vote, which leaves the ordinance just as dead if it's never voted on again, to wait an additional 30 days to hash out all of the issues that were brought up as concerns that the ordinance might not have sufficiently addressed. That offer was turned down in a very rambunctious meeting. He feels that was a tragedy because in his experience in the business world most things can be hashed out, even when people come to the table with different opinions and objectives. You can find out what's important and what isn't, and most people can get 70-75% of what they want if it's important to them. That opportunity was lost, and he believes that represented some failed leadership in our City. Unfortunately, the choice is to let 2 people run the City or let the voters run the City. He's for the voters running the City.

Motion to adopt the first 2 resolutions was approved 3-2; Mayor Wood and Deputy Mayor Sanchez – no.

Regarding the second set of resolutions, **ASSISTANT CITY CLERK TROBAUGH** explained the first one deals with directing the City Attorney to prepare an impartial analysis and provides for the filing of written arguments. Council can determine whether to allow one or more Councilmembers to write an argument for/against. The second resolution is very straight-forward allowing for rebuttal arguments.

MAYOR WOOD moved that Deputy Mayor Sanchez do the argument against this.

ASSISTANT CITY CLERK TROBAUGH clarified the only place you have to designate which Councilmember is for the argument. The people who write the arguments automatically do the rebuttal.

CITY ATTORNEY MULLEN stated if you want to designate one member to write an argument in favor and one to write an opposition, you can do that in a single motion.

Motion failed due to lack of a second.

COUNCILMEMBER FELIEN moved to adopt **Resolution No. 12-R0024-1**, "... providing for the filing of written arguments regarding a City measure and directing the City Attorney to prepare an impartial analysis", appointing Councilmember Kern to write the argument for the ordinance and Deputy Mayor Sanchez to write the argument against the ordinance.

COUNCILMEMBER KERN seconded the motion.

The motion was approved 5-0.

ASSISTANT CITY CLERK TROBAUGH stated the last resolution is simply

allowing for the rebuttal arguments.

COUNCILMEMBER KERN moved to adopt **Resolution No. 12-R0025-1**, "...providing for the filing of rebuttal arguments regarding City measures submitted at municipal elections."

MAYOR WOOD seconded the motion.

Motion was approved 5-0.

ASSISTANT CITY CLERK TROBAUGH stated now Council needs to designate the funding.

CITY MANAGER WEISS stated given the choices Council has, since you already voted to move forward with the election, he would suggest using the Economic Stabilization Reserves. If you recall, that money was set aside several years ago when the State came in and took property tax monies. They are allowed to take them twice in a 10-year period, but no sooner than 3 years apart. After that first raid, we did set money aside in the event that were to happen again. Even though the State is in its situation, we have not heard that they plan on pulling that trigger a second time. There is approximately \$3,400,000 in that fund, and he would recommend using that particular fund. Should the State come forward within the next few months or over the next year, then we will have to deal with that at that point.

COUNCILMEMBER FELEIN moved that we pay for the election out of the Economic Stabilization Reserve.

COUNCILMEMBER KERN seconded the motion.

MAYOR WOOD is a little concerned because we had a meeting a while back about how we use money. He wasn't sure where the money was coming from and relied on staff to say how we'd get it.

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

CITY COUNCIL REPORTS

17. **Mayor Jim Wood**

MAYOR WOOD hopes everyone had a wonderful holiday season. He mentioned that Irene Duehren passed away. She was previously the City Clerk and the City Treasurer. She was also heavily involved in the Friends of the Library.

18. **Deputy Mayor Esther Sanchez**

DEPUTY MAYOR SANCHEZ stated the sand replenishment project is coming forward in April. At the last SANDAG shoreline preservation working group, we discussed how we were going to get the word out. Revisiting that, 85% of our program is going to be covered by the Department of Boating and Waterways. That's a little over \$3,000,000 that we are getting this April. We had to match 15%, and that's approximately \$600,000. But for this partnership that we developed with Waste Management, that couldn't have happened. For the first time the benefit was put at \$24,000,000 – this 13-year contract that we signed with Waste Management for hauling our trash - and includes our compliance with a new law that starts as of January 1st for zero waste. We came out in front of every city except for La Mesa in the County. We had the opportunity to think about how we were going to make this happen, so we're ahead of the game. She thanked staff and the Council for backing something that makes us look good.

She went to Sacramento to try to re-activate our EIR after \$1,000,000 that Fish & Game had invested in the Buena Vista Lagoon EIR. They wanted to suspend it because of various issues. There is \$285,000,000 that will be available from Caltrans' widening project for mitigation projects. To be fair, Oceanside should get a nice chunk of that. We almost lost most of it. We worked with Carlsbad and Vista to move this forward and are now going to be in partnership with those cities. Fish & Game actually owns 90% of the Buena Vista Lagoon, so they're the ones in the driver's seat, but they're going to be allowing us to work with them and the other agencies involved. We are going to continue to chase after those mitigation funds to make sure we get our fair allocation.

Regarding Redevelopment, that's going to be a big impact on us. Those \$11,000,000 that were going to be coming to Oceanside will probably not. We need to just move forward. This is a wonderful community, and we have opportunities before us. She's still positive. We're coming into a new year, and she thanked the citizens for everything they do for the City.

She urged the citizens to work with the City on the recyclables. After a certain limit, the City will get back the value of the recyclables. Your efforts will fund and help prevent some of these programs from closing.

19. **Councilmember Gary Felien**

COUNCILMEMBER FELIEN took place in the Torah writing and Menorah lighting service; attended the Marley Christmas Carol play that was put on by the Oceanside Theater Company; the Filipino American Cultural Association Christmas banquet; the holiday brunch at Camp Pendleton; the Pearl Harbor Survivor ceremony; the tree lighting ceremony here in Oceanside; the opening for the Lil Jackson Housing Complex on Lake Boulevard; the retirement ceremony at the Police Department for the officers who've served our community; and the Christmas dinner for our volunteers that was put on by the Police Department.

As liaison to the Economic Development Committee, we're always trying to do things to help the businesses in our community. We had our meeting at the new Courtyard by Marriot hotel on Rancho del Oro and our business visits were to Agri-Service and Tri-City Hospital.

20. **Councilmember Jack Feller**

COUNCILMEMBER FELLER commented on the death of Ben Weseloh, who's business was on Hill Street and had been there well over 50 years before he moved to Car Country.

Personally, his wife's brother-in-law passed away, and they have a young nephew who is suffering from carcinoma, which is very serious. He announced the birth of his 19th grandchild.

21. **Councilmember Jerome Kern**

COUNCILMEMBER KERN is glad they're waiting until April to put the sand on the beach because this weekend is going to be dangerously high surf. Usually they put the sand down and the winter tides and storm surf wash it all away. It's good to wait until April, which is after the storm season.

He attended a lot of the same events, but he wanted to comment that the Pearl Harbor Survivors Association is disbanding. Because of the age and the time, there's just not enough people left. Pearl Harbor has passed out of our memory and into our history.

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He guest lectured at 2 colleges over the holidays. He also announced the Veteran's Virtual Career Event from January 9-18 on line. Even in these tough times, in the U.S. there are 40,000 high tech jobs that are going unfilled right now.

Lastly, our Redevelopment is gone. We are going to have to make some adjustments. We have to wait and see what the legislature is going to do now that they have the ball in their court. He doesn't have much faith in the legislature; they basically run every business out of town that they can. They're running out of businesses to attack so they're attacking the cities now. With Redevelopment going away, the one good bright spot of building and jobs, the money is going to the State. It's going to be a tough time but we'll get through it.

ADJOURNMENT

After a moment of silence for Ben Weseloh and Irene Duehren, who passed away, **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 8:32 PM on January 4, 2012, to a special meeting on Tuesday, January 10, 2012, at 9:00 AM.

ACCEPTED BY COUNCIL/HDB/CDC/OPFA:

Barbara Riegel Wayne
City Clerk, City of Oceanside

