



California

CITY OF OCEANSIDE

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

JUNE 1, 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 Councilmember Feller at 2:02 PM, June 1, 2011 [with authority given to Deputy Mayor Sanchez by Mayor Wood due to a planned absence and authority given to Councilmember Feller by Deputy Mayor Sanchez due to absence].

2:00 PM - ROLL CALL

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



June 1, 2011

Joint Meeting Minutes
Council, HDB, CDC and OPFA

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

City Attorney Mullen titled the following item to be heard in Closed Session: Item 1 [OCEA, MECO and Unrepresented]. [Item 2 was not discussed]

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

Discussed OCEA, MECO and Unrepresented; no reportable action

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

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: Jane McVey, Economic and Community Development Director; Under Negotiations: Terms of Disposition Agreement and Lease]

No closed session held – continued to next meeting

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

4:00 PM – ROLL CALL

DEPUTY MAYOR SANCHEZ reconvened the meeting at 4:02 PM [with authority given to Deputy Mayor Sanchez by Mayor Wood due to a planned absence]. Present were Deputy Mayor Sanchez and Councilmembers Kern, Feller and Felien. Mayor Wood was absent. Also present were City Clerk Wayne, City Manager Weiss, City Treasurer Ernst and City Attorney Mullen.

CONSENT CALENDAR ITEMS [Items 3-9]

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

CITY CLERK WAYNE stated there are requests to speak from the public on Item 6.

The following Consent Calendar items were submitted for approval:

- 3. City Council/Harbor/CDC/OPFA: Approval to waive reading of the text of all ordinances and resolutions considered at this meeting and provide that ordinances shall be introduced after a reading only of the title(s)
- 4. City Council: Approval of Amendment 1 [**Document No. 11-D0430-1**] to the Lease

Agreement with the Assembly Rules Committee, California Legislature, for the use of City property located at 302 North Coast Highway for Assembly Member Diane Harkey's legislative office, extending the term of the agreement from March 31, 2011, to March 31, 2013, for total revenue in the amount of \$4,092, and authorization for the City Manager to execute the amendment

5. City Council: Approval of a professional services agreement [**Document No. 11-D0431-1**] with Buccola Engineering, Inc., of Oceanside in the amount of \$22,200 for the preparation of a hydrology, hydraulic, and design feasibility study for the Stormdrain System Improvement Project at College Boulevard and Marvin Street, and authorization for the City Manager to execute the agreement
6. **Removed from the Consent Calendar for discussion – public requests**
7. City Council: Acceptance of the Treasurer's Report for the quarter ended March 31, 2011, and adoption of **Resolution No. 11-R0433-1**, "...approving the Policy for the Investment of City of Oceanside funds".
8. City Council: Adoption of **Resolution No. 11-R0434-1**, "...authorizing application to the United States Department of the Interior, Bureau of Reclamation, Policy and Administration to obtain WaterSMART: Advanced Water Treatment Pilot and Demonstration project grant funding", in an amount up to \$600,000 for the Oceanside Seawater Desalination Geotechnical Investigations project, and authorization for the City Manager to execute the application and the associated agreement
9. City Council: Adoption of **Resolution No. 11-R0435-1**, "...approving and adopting the Compensation Plan for Unrepresented Employees", [**Document No. 11-D0436-1**] effective June 1, 2011

COUNCILMEMBER KERN moved approval of the balance of the Consent Calendar (Items 3-5 and 7-9).

COUNCILMEMBER FELIEN seconded the motion.

Motion was approved 4-0, Wood - absent.

Items removed from Consent Calendar for discussion

6. City Council: Approval of a three-year professional services agreement [**Document No. 11-D0432-1**] with Citation Management, a Duncan Solutions Company of Milwaukee, Wisconsin, in a total amount not to exceed \$418,416 based on unit volume, which includes \$345,996 for citation processing, \$66,420 for postage and delivery, and \$6,000 for correspondence; and authorization for the City Manager to execute the agreement

JERRY McLEOD, 1517 Del Mar Road, would like to see these things kept within the City, County and State instead of shipping it out to Wisconsin.

JIMMY KNOTT, 127 Sherri Lane, stated with the outsourcing of these different programs/services he is concerned about abuses, i.e. there have been abuses with prisoners doing some of the services in other states. We have very little control once it goes outside our state. There is nothing in the contract that addresses any potential abuses.

MICHAEL SHERWOOD, Chief Information Officer, stated we'll still have people within the City that will process adjudication requests and payments regarding parking citations. The part that this contract specifically deals with is the sourcing of the actual computer hardware and software programs. They would not be located in the City's data center anymore; they'd be located in either Irvine or Milwaukee. If one of the centers

went down, the other one would take over in its place. The actual call center for this company is located in Milwaukee as well. None of this is taken out of the United States in the current form we have. The application is used by City staff here. The mailing and processing is all done within Southern California.

The company that we currently have is Duncan Solutions. We're upgrading the current software, which is Duncan Solutions, and their offices are in Irvine, with their corporate office being in Milwaukee. There is no San Diego office. This is a single-source vendor software; you can only get it from one entity.

DEPUTY MAYOR SANCHEZ stated the staff report indicates that it would be hugely costly to try to update our own system. Have we looked at other possible systems or having our own system?

CITY MANAGER WEISS stated for those people who receive a parking ticket and have every intention of paying it, it will streamline that process; they can pay on line. The whole system is set up so that if you're going to pay it in person or contest it, we will still have all of the counter people available.

Regarding to the comments about abuses, every citation that's written we will still be able to track and monitor who pays and who doesn't with detailed reports. It alleviates several staff positions by this automation, and some of those positions have already been addressed in an item later this evening with the budget.

DEPUTY MAYOR SANCHEZ asked what the impact is on customer service; if somebody were to call would they be talking to someone in Milwaukee.

MR. SHERWOOD responded when you call in, you'd still call the City and speak to a City representative if you were looking for a live individual. You could at night on your computer log in and pay your ticket over the internet or there is a phone option, called interactive voice capability, where you type in your citation number and use your touchtone keypad to pay via credit card.

This item is only the software system itself. All of the processing work is still handled by City staff. The software service is handled by this company. It's like having a computer in another location that you're accessing remotely.

This will give people more choices. Previously if you needed to pay a parking ticket, your only 2 options are driving down to City Hall to pay it or mail it in. Now the staff here will be dedicated to processing customer service requests.

DEPUTY MAYOR SANCHEZ asked if there will be no loss of employees.

CITY MANAGER WEISS responded the employees that are here now will not be replaced under this program. There is a cost-savings, which did include a position. At this point he is not sure if that position is currently filled or is vacant, but it did replace a position.

COUNCILMEMBER SANCHEZ asked if any person is being laid off due to this outsourcing.

MR. SHERWOOD responded no, as far as this goes no IT personnel. We are just automating, and our costs will be reduced based on the fact that we won't have to buy a mail machine. Our capital costs for having a mail processing machine and a high-end copy machine to produce all of the tickets and mail them out in a postage meter will go away. This company will be fulfilling that role for us. Labor, as far as in IT or anything else, there are no positions being reduced because of this software upgrade.

TERI FERRO, Financial Services Director, stated the Finance Department

budget that was proposed to Council includes restructuring and a lot of outsourcing. There were 7 positions eliminated. She cannot say which one position was for this; it was just a restructuring where 7 positions were proposed to be eliminated.

DEPUTY MAYOR SANCHEZ asked if one person is being laid off with this vote tonight.

CITY MANAGER WEISS responded with this particular item a position is not being eliminated. There is a restructuring within Finance that would have included positions within these programs and there are 7 total that are being eliminated.

COUNCILMEMBER FELLER moved approval [of a three-year professional services agreement [Document No. 11-D0432-1] with Citation Management, a Duncan Solutions Company of Milwaukee, Wisconsin, in a total amount not to exceed \$418,416 based on unit volume, which includes \$345,996 for citation processing, \$66,420 for postage and delivery, and \$6,000 for correspondence]; and authorization for the City Manager to execute the agreement.

COUNCILMEMBER KERN seconded the motion. Some of these things are going to be out-of-state as we go forward with outsourcing. Our responsibility is to find the lowest cost to the taxpayer the lowest responsible bidder, whether that bidder be in California or someplace else. That's what we do is mind the taxpayer's dollar. A lot of these corporations, even though they have headquarters in other states, usually have an office somewhere in California.

Motion was approved 4-0, Wood – absent.

ADDENDUM

9(A). **City Council: Introduction of an ordinance of the City Council of the City of Oceanside amending Chapter 16C of the Oceanside City Code relating to Municipal Lobbyist Registration and Reporting Requirements, pursuant to City Council direction of March 2, 2011 – (continued from 5/25/11)**

JOHN MULLEN, City Attorney, stated this is a proposed introduction of an ordinance amending Chapter 16C of the Oceanside City Code related to the municipal lobbyist registration and reporting requirement in the Code. This item is because the Council directed the preparation of amendments to streamline and simplify the reporting requirements by a 4-0 vote; Mayor Wood was absent at that meeting.

There are 3 changes in the ordinance. The first is that lobbyists will still be required to file an initial report when they are retained to act as a lobbyist and an annual report every year thereafter. The proposed ordinance would eliminate the requirement to file quarterly reports. The content of the annual report and the initial report remains the same in that, among other things, the lobbyist must continue to identify their clients, the nature of the lobbying services, and campaign contributions above \$100. They'd still be required to file supplemental reports if they were to retain a new client after they filed their initial or annual report. That change is reflected in Chapter 16C, Section 12.

The second change is to allow the lobbyist to file these reports electronically rather than put them in hard copy. The City Clerk will have the ability to make those available to the public on line.

Finally, Section 16C.15 involves the ethics training that is required for lobbyists. There already is a requirement for registered lobbyists to attend ethics training courses within 180 days after they register. Council, on March 2nd, indicated that they wanted to modify that requirement to have lobbyists attend training on the same subjects that are covered in the AB 1234 training that Council is required to take. The ordinance has

June 1, 2011

Joint Meeting Minutes
Council, HDB, CDC and OPFA

been amended to include that requirement. Registered lobbyists can satisfy that requirement either by taking the training on line through the Fair Political Practices Commission (FPPC) or if that is unavailable then he can provide that required training as well.

COUNCILMEMBER KERN moved approval to introduce the ordinance.

COUNCILMEMBER FELLER asked if registered lobbyist are required to take the AB 1234 ethics training just one time.

CITY ATTORNEY MULLEN answered yes, just one time.

COUNCILMEMBER FELLER asked what the fee is that they will be paying.

CITY CLERK WAYNE responded we haven't proposed any changes to the fees; they will stay the same. It appears that from our report of 2009 that we had a certain amount of income that was higher than 2010. Balancing that with the cost to provide the service, it appears to break even at some points but we're going to have to look at the history of how we go forward with the number of on line reportings to see if there are any fee changes. We would report back to Council later once we have that implemented.

COUNCILMEMBER FELLER stated the thing that bothers him about how this ordinance got in place in the first place is that it is only picking on people that are lobbyists for certain things, such as a building project, but it excludes an unbelievable portion of the people that get lobbied. He would venture to say that everyone sitting here has been lobbied by a public safety union or an employee union at an off-site location, and unfortunately we can't get at them with this. They should be disclosing just as much as any builder or developer or any type of other lobbyist. They have spent \$1,000,000 on campaigns in the last 6 years, and that's a lot of money that has influenced greatly how people think.

He **seconded** the motion.

In response to Councilmember Feller's comments, **DEPUTY MAYOR SANCHEZ** asked the City Attorney if there is some kind of unlawful creation of different classes, people being treated differently within the definition of lobbyists.

CITY ATTORNEY MULLEN responded there are exemptions that are set forth in the ordinance, and we're not proposing to alter those; that was not the direction of the Council on March 2nd. Among other of those exemptions, there is one for persons whose communications are solely related to the establishment, amendment, administration, implementation or interpretation of a collective bargaining agreement. The reason that exemption is in there, which is very common in other lobbying ordinances, is we can't condition our obligation to negotiate in good faith under the Meyers-Milias-Brown Act on the labor groups' registration for lobbying purposes.

There are other exemptions, such as those involved in submitting a competitive bid and others, but we believe that the exemptions that have been drafted are lawful.

DEPUTY MAYOR SANCHEZ asked if there is a person from the public who comes and speaks to a Councilmember, do they fall under this lobbyist definition.

CITY ATTORNEY MULLEN responded if they're being paid to lobby on behalf of another entity, or individual, then they could fall within the requirements of the ordinance. The key to this is whether you're being compensated for purposes of advocating on behalf of the legislative or quasi-judicial position.

DEPUTY MAYOR SANCHEZ asked if there is a requirement that there be some

kind of compensation.

CITY ATTORNEY MULLEN responded yes.

COUNCILMEMBER FELIEN wanted to get an explanation from the City Attorney on the difference between this ordinance and the County ordinance.

CITY ATTORNEY MULLEN looked at the County ordinance today, and the version that's on line right now is more onerous from the lobbyist's perspective than our ordinance. They have a prohibition on campaign contributions between lobbyists and public officials. There is a prohibition on gifts between a lobbyist and a public official and the County maintains a quarterly reporting requirement.

COUNCILMEMBER FELLER asked if bargaining units are given time off to bargain and that's paid for, is that correct?

CITY MANAGER WEISS believes they are given paid time off.

COUNCILMEMBER FELLER guesses that would be compensated for bargaining.

DEPUTY MAYOR SANCHEZ stated there is a difference in terms of a person who has their job as a lobbyist and is willing to make statements on behalf of whoever hires them, sometimes at high costs, to deliver whatever it is that they're asking for in terms of getting that vote from a Council or Councilmember. In her mind, there is a definite distinction between an employee that is protected under the laws of the State and the United States with respect to having these kinds of equal playing field positions and having a peaceful resolution on these issues.

COUNCILMEMBER KERN stated this will keep honest people honest. The responsibility for ethics is on this dais. There is no stealth lobbying going on. When somebody sits with us, they usually tell us why they're there, what they want and how they want us to vote or act on a certain thing. The responsibility is not on the lobbyist; it's on our part. The one thing we kind of gloss over is on Public Hearing items. The Deputy Mayor will ask for disclosures, and we're going to disclose who we talked to. Sometimes it just zips through and nobody pays attention. However, that's the time you need to pay attention because we have to disclose who we talked to on that item. The Lobbyist Ordinance keeps honest people honest. If there are people out there that are unscrupulous then they're going to be unscrupulous, and this Lobbyist Ordinance does nothing.

He's been with the labor negotiators for lunch and talked about the contracts and he has disclosed those. They weren't hiding anything; they were telling him what they were there for. He supports this because it's a good idea to let people out there know to go on line and see who's lobbying on behalf of different organization for the City.

DEPUTY MAYOR SANCHEZ believes these changes weaken our Lobbyist Ordinance. The reasons they had the rules to begin with were good reasons. It keeps us all honest to disclose to the public who we are meeting with. She supports the electronic filing but not the balance of the item.

After titling of the ordinance, the **motion was approved 3-1**, Sanchez – no; Wood – absent.

GENERAL ITEMS – None

CITY COUNCIL REPORTS

June 1, 2011

Joint Meeting Minutes
Council, HDB, CDC and OPFA

10. **Mayor Jim Wood** – absent

13. **Councilmember Jack Feller**

COUNCILMEMBER FELLER watched the F-18 fly over the pier at a pretty high rate of speed in appreciation of the 'Top Gun' house. He attended the National Pickle Ball Senior Championship at Melba Bishop Park.

12. **Councilmember Gary Felien**

COUNCILMEMBER FELIEN attended the ceremony on Memorial Day for the Veteran's Association of North County where Oceanside's Veteran of the Year emceed. On Saturday he participated with Boy Scout Troop 752 in placing the flags on the veterans' graves at Fire Mountain. He also attended the Pickle Ball Senior Championship and the flyover of the F-18 for the Top Gun movie and band concert.

14. **Councilmember Jerry Kern**

COUNCILMEMBER KERN attended the Esther McCord Library Dedication for South Oceanside Elementary School. He announced that Mike Bullock has been named Volunteer of the Year for the Sierra Club.

11. **Deputy Mayor Esther Sanchez** – no report.

CLOSED SESSION REPORT

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

CITY ATTORNEY MULLEN reported on the item discussed in Closed Session: See Item 1. [Item 2 was not discussed]

PUBLIC COMMUNICATIONS ON OFF-AGENDA ITEMS

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

Advance written request to reserve time to speak: None

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

JERRY McLEOD, 1517 Del Mar Road, has a lot of questions on the Final Environmental Impact Report (FEIR) on the Melrose Extension. For something as important as this, a lot of things need to be clarified. He will be sending emails to Council asking specific questions, but we need to make sure we do this correctly.

JOAN BRUBAKER, 1606 Hackamore Road, asked what gives Councilmember Kern the audacity to contradict at least 6 other people who have been selected to plan projects for the City sensibly. Next will be the outsourcing of paramedics and police.

JIMMY KNOTT, 127 Sherri Lane, stated in the last 3 meetings of the Council, people have come forward and disparaged Councilmember Feller about his personal beliefs and that is unfair. It's not for any of us to judge him or say who is or isn't a Christian.

[Recess was held from 4:42 PM to 5:00 PM]

5:00 PM

INVOCATION – John Lundblad

PLEDGE OF ALLEGIANCE – Filipino-American Youth

PROCLAMATIONS AND PRESENTATIONS

Presentation – Upcoming Event to be hosted by Filipino-American Cultural Association of North San Diego County

[Presentation – Update by Rudy Van Hunnik on Oceanside Pacific Kiwanis/Oceanside Rotary Foundation's AED Program] – no presentation

Presentation was made

5:00 P.M. – PUBLIC HEARING ITEMS

Public hearing items are "time-certain" and are heard beginning at 6:00 p.m. Due to the time-certain requirement, other items may be taken out of order on the agenda to accommodate the 5:00 p.m. public hearing schedule.

17. **City Council/CDC/Harbor: Adoption of resolutions for the following: Resolution No. 11-R0437-1, "...approving the Appropriation Limitation as required by Article XIII-B of the State Constitution, as modified by Proposition 111 for FY 2011-2012 as calculated in the resolution; approving the FY 2011-2012 City of Oceanside Operating Budget; approving the FY 2011-2012 City of Oceanside Capital Improvements Program Budget; approving the FY 2011-2012 Community Development Commission Operating Budget; approving the FY 2011-2012 Community Development Commission and Redevelopment Projects Budgets; approving the FY 2011-2012 Harbor District Operating Budget; and approving the FY 2011-2012 Harbor District Capital Improvements Program Budget**

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

TERI FERRO, Financial Services Director, stated there are 6 resolutions before Council tonight. This is the culmination of numerous budget workshops Council held in March and April regarding the City's operating and capital budgets. We're looking at a collective budget of over \$381,000,000; \$337,000,000 of that is operating, and about \$44,000,000 is capital. The plan before Council tonight identifies the structured reduction plan that the Council gave staff direction on, and that focuses on maintaining minimal staffing, access to programs and does not include any reductions to public safety.

The General Fund budget is the only one that's experiencing a deficit right now because we're still waiting for resolution on labor negotiations. When that is brought back to Council, hopefully we'll bring the budget back into balance.

Public input

JIMMY KNOTT, 127 Sherri Lane, stated over the last couple of years we've referred to the Healthy Cities Reserve Fund. However, we have been misinterpreting the process. This is staff-driven, not Council-driven. Council's only function is to determine that there has been a 5% or greater reduction in discretionary General Fund reserves and that those reductions will affect the current service levels. Staff then puts together a financial plan that is put before the public for review. However, they are using the Healthy Cities Reserve fund. There is another element to this where Council is to consider revenue enhancements. That means a public tax, which is Policy 200-08. He requested that Council put into effect Policy 200-08 and that staff immediately implement it.

ROBERT GLEISBERG, 1936 Palmer Drive, spoke about revenue versus rising labor and pension costs and our need to control them. The taxpayers are the ones suffering because they are the ones who lose their services.

Public input concluded

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

COUNCILMEMBER KERN asked if this budget is balanced and if not, how do we address that between now and July 1st.

CITY MANAGER WEISS responded the General Fund budget is approximately \$880,000 short, pending Council's final resolution of the non-public safety labor negotiations. We would hope that some of them will be completed before July 1st but do not expect that all of them will be. Based on the general discussions we've been having since those negotiations are ongoing, it would appear that the targets that were identified for each of those bargaining units will be met. Pending the final resolution of that, Council will have a balanced budget.

COUNCILMEMBER KERN stated starting July 1st we're going to be out of balance again because of a structural deficit. We need to get ahead of the structural deficit or every year it will be as stressful as this year because we're going to have to figure out how to make cuts to make that budget. He requested that the \$30,000 that was discussed earlier be put back into the Council budget.

He moved adoption [of **Resolution No. 11-R0437-1**, "...determining and adopting an Appropriation Limit for the fiscal year 2011-2012 in accordance with Article XIII-B of the Constitution of the State of California"; **Resolution No. 11-R0438-1**, "...approving the Operating Budget for the fiscal year 2011-2012"; **Resolution No. 11-R0439-1**, "...approving the Capital Improvements Program Budget for fiscal year 2011-2012"; **Resolution No. 11-R0440-3**, "...of the Community Development Commission approving the Operating Budget for fiscal year 2011-2012"; **Resolution No. 11-R0441-2**, "...of the Board of Directors of the Small Craft Harbor District approving the Operating Budget for the fiscal year 2011-2012; and **Resolution No. 11-R0442-2**, "...of the Board of Directors of the Small Craft Harbor District approving the Capital Improvements Program Budget for fiscal year 2011-2012"], including the restoration of the \$30,000 for the Council budget for the Council Aides.

COUNCILMEMBER FELIEN seconded the motion.

COUNCILMEMBER FELLER asked what the perception of the Healthy Cities Fund is. He's reading one part of the reserve fund, which says the Healthy Cities Reserve Fund would be available only as a temporary revenue source to be used while an orderly financial plan for cost reduction or revenue enhancement is developed. Is there a certain amount of money we have to keep in the Healthy Cities Reserves?

MS. FERRO believes that Council policy was adopted by Council 2 or 3 years ago to establish the framework in the event of catastrophic events regarding loss of revenues, physical catastrophes, etc. The policy does say a minimum of 12% of the operating budget. Based on that, we do have about \$14,500,000 set aside as a Council policy. Other cities around the State vary from zero to as high as 40-50% of their budget. From a risk perspective, if there were a catastrophic event here – earthquake, tidal waves, fires – and in the event that property taxes could not be paid, that Healthy Cities fund would allow the City to continue operations for about 2.5 months before the revenue sources dry up. She believes the policy was put together with the language of it being temporary to allow Council, staff, management and public to provide input on a way to restructure the budget to get us going forward.

COUNCILMEMBER FELLER asked if there is an obligation to fund the Healthy Cities Reserve as soon as possible.

MS. FERRO believes the language said that there would be a way to restore it. So if there was a draw-down against it, there would need to be a line item in the following budget to say how we would restore it.

CITY MANAGER WEISS stated if Council recalls, several years ago the State borrowed additional property tax money from us. We were fortunate because at that time we had sold the Marina Towers. Had that not been the case, that would have been one of those opportunities where Council could have used the Healthy Cities Reserve as a short-term stop-gap to offset that borrowing.

COUNCILMEMBER FELLER stated that had a guaranteed repayment of the funds by the State that would build that back up.

CITY MANAGER WEISS responded that is correct, and there was a separate process through the banking industry as well. Regarding the revenue enhancements, we did present to Council through the various workshops the opportunity with regard to revenue enhancements. At that time, Council was not interested in looking at some form of City revenue enhancement.

DEPUTY MAYOR SANCHEZ stated with respect to the policy that was passed a few years ago regarding the Healthy Cities Fund, she does not support that policy. When we were in good times and we put aside even more money into the Healthy Cities Fund, we talked about it and wanted to make sure that if there was a need, it would be available. She sees that we do have a need. Many times if we have that kind of emergency or destruction, the City would then request a state of emergency and would then receive assistance. This money would not get us through very long, and it means a lot to us now. We are addressing our issues in terms of meeting our operations and capital improvements obligations.

She does not support what we have before us. She is concerned about certain cuts, especially with respect to the Back Gate area and the closing of a very critical service. The timing was terrible that right after that decision two young people were shot down in that neighborhood. Just recently we had a 22-year-old former football star also killed. We have an increase in our gang activity in all of these neighborhoods, and summer hasn't even started yet. These programs are critical, and this is all about priorities. We could have cut some other places and not have impacted our services. This is all about priorities. She would have given a higher priority to our youth and the Marshall Street swimming pool. She would not be making these kinds of cuts.

Motion was approved 3-1, Sanchez – no, Wood – absent.

18. **City Council: Adoption of a resolution amending the TransNet Local Street Improvement Program of Projects for Fiscal Years 2011 through 2015**
- A) Mayor opens public hearing -- hearing was opened.
 - B) Mayor requests disclosure of Councilmember and constituent contacts and correspondence – Councilmembers Feller, Felien and Kern reported contact with staff. Deputy Mayor Sanchez reported contact with staff and public.
 - C) City Clerk presents correspondence and/or petitions – none.
 - D) Testimony, beginning with:

GARY KELLISON, Senior Civil Engineer, stated this is about approving the revenue plan for the TransNet half-cent sales tax program. Last year the Council approved the City's 5-year TransNet Spending Plan. After one year, this is an opportunity for a mid-course correction in the Spending Plan that allows us to do 3 things: 1) reprogram \$3,000,000 in cash that we returned to SANDAG so we could put it

on projects that are ready to spend the money more quickly; 2) capture increased revenue that SANDAG's economists have projected in terms of the sales tax revenue in the coming years; and 3) make minor adjustments in certain projects and increase spending on street improvement projects, which are relatively easy to get out the door and can be spent expeditiously.

A graphic was used to show the proposed TransNet Program over the next 4 years. There is increased money in the Loma Alta Creek Basins project and the street and sidewalk repairs program. Another project increasing is the Street Overlay Program.

Public input

DANA CORSO, 5838 Ranchview Road, is representing the Jeffries Ranch neighborhood and ACTION (Alliance of Citizens to Improve Oceanside Neighborhoods) tonight. On January 25, 2011, the entire Council voted in favor of reopening Jeffries Ranch Road, and Council directed staff to look for funding so that our community can have its main entrance back. The closure of Jeffries Ranch Road is a safety issue and therefore should be categorized as such. The Fire Marshal has stated that their response time has slowed since the closure. She is here tonight requesting that Council direct staff to reallocate funds so that this project is a priority.

She was informed by Caltrans that it would be much more expensive to open Jeffries Ranch Road if not in conjunction with the widening right now. We need to get up to speed with Caltrans and at least start the engineering and environmental process. The right turn in/right turn out was estimated to be about \$900,000. A group of people chosen by Caltrans, including her, met with their landscaping and design engineer and chose the monument that Caltrans will eventually build and pay for at Jeffries Ranch Road and SR-76. Caltrans has also agreed to replace our entrance with mature native trees, comparable to the ones they tore out without notice.

Our neighborhood has been stripped of its identity and character and our safety is being compromised every day that passes. We now have a dual magnet high school where there is no crossing guard or even acknowledgement that we have children crossing at SR-76 and Melrose. We are urging Council to help us with these major safety issues for our children and our residents. Our entrance has been closed for over a year now. We've followed all of the guidelines the City required to maintain our entrance. Please reallocate the funds for the safety of our neighborhood.

JIMMY KNOTT, 127 Sherri Lane, thanked the City Manager, Councilmember Felien and staff for continuing to protect the homes and businesses along the Loma Alta Creek as promised years ago.

CHARLENE KERCHEVALL, 533 South Nevada Street, remembers when we were discussing the Jeffries Ranch issue that they were going to be looking for outside funds to be able to grant that project. The TransNet funds were part of that discussion. Looking at this going into 2015, there is no mention of Jeffries Ranch whatsoever. Council needs to go back and look at that because that was a program that was approved. She saw in the presentation something about the expansion of SR-76 and Rancho del Oro and asked what that is about.

Public input concluded

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

Regarding the issue of Jeffries Ranch and TransNet money, **CITY MANAGER WEISS** believes Council's direction was to not use local money, including local TransNet money. We did look to using regional TransNet money, but Jeffries Ranch, as well as SR-76 expansion, is not on that list. Council does have the discretion to use local

TransNet money for Jeffries Ranch; we could make that adjustment if Council gave that direction.

Regarding the SR-76 and Rancho del Oro widening, we have an obligation through Caltrans to widen SR-76 to 3 lanes each direction by the Rancho del Oro intersection. He believes that money is there for the initiation of those studies and reports.

MR. KELLISON added that one of the actions that this items does is reduce the funding on that project by \$2,055,000 because we're deferring the construction past the 5 years, and we're retaining \$300,000 to complete the design for the SR-76 widening at Rancho del Oro.

CITY MANAGER WEISS stated the SR-76 widening at Rancho del Oro is also a condition on the Environmental Impact Report (EIR) for El Corazon.

COUNCILMEMBER KERN likes to see how much they improved Douglas Drive over the last week or so with the Street Overlay Program. He imagines the rest of the City could benefit from doing the Overlay Program because maintaining our roads is very important.

He **moved** approval [of **Resolution No. 11-R0443-1**, "...amending the TransNet Local Street Improvement Program of Projects for Fiscal Years 2011 through 2015"].

COUNCILMEMBER FELIEN **seconded** the motion.

COUNCILMEMBER FELLER stated a man showed us some pictures last week of how bad our roads are, and that was pretty enlightening. All of the businesses and parks on the west end of I-5 are affected by the Loma Alta Creek, as well as the businesses along Industry Street, so he's not sure what you could take out of the basin projects shown in the presentation. We could use these funds if we wanted to give up something. The Overlay Program is a citywide program. He supports this.

DEPUTY MAYOR SANCHEZ doesn't know how the destruction and deletion of a major road - one of only two - to get in and out of Jeffries Ranch happened. Council did discuss a project that was approved, and there were comments and promises made by staff regarding the right turn in/right turn out at Jeffries Ranch Road. In February of this year she got a call that they were destroying the monument at the entrance to Jeffries Ranch. It's amazing that we don't seem to have any conditions with respect to how these funds will be spent.

The I-5 widening is probably going to see different versions because there were no alternatives. There was only one alternative for Oceanside, which means the EIR is defective so there's going to be a lot of wasted time and money. Something is missing, and the process is not efficient. We need our roads, and we need them to work. We also need to insure that we can move people within our County, including mass transit. We need to make sure the Sprinter and bus routes are working efficiently.

She is opposed to the Melrose extension because it doesn't make sense anymore. The reason it was there for so many years was because it was to be a connection to Camp Pendleton. When Arrowood was built in the middle of a road, it took away the reason for having that extension. As we heard at the last meeting, it does not make sense to spend that much money on a road that impacts traffic in other parts of our City, will be used more by people not within Oceanside, and destroys Jeffries Ranch, which has an equestrian overlay, as well as South Morro Hills, which is our agricultural. She is very concerned about these issues. We need to be more on top of representing the best interests of our City and our residents. She will be voting against this.

Motion was approved 3-1, Sanchez – no, Wood – absent.

MAYOR AND/OR COUNCILMEMBER ITEMS

19. Request by Councilmember Felien to discuss pay reductions for unrepresented employees, and direction to staff

COUNCILMEMBER FELIEN noted that one of the questions the public asked in numerous workshops on the budget is what sacrifices management made. We've laid off numerous employees, and we've had to cut numerous programs in order to maintain our balanced budget. Even though our revenues are flat and if we kept the same services and the same employees, our costs would be going up because of medical and pension expenses. We have ongoing cuts that we need to make just to stay even. In that type of environment, which we're expecting to continue for the next couple of budget cycles at a minimum, it's fair to ask management to share in the sacrifices.

He was provided a list of all of the executive and middle managers. It looks like there is a cut-off of roughly \$130,000 where there's a gap. He **moved** that any executive or middle manager who makes more than \$130,000 would have a 5% pay cut, and any executive or middle manager making more than \$125,000 would have a 2.5% pay cut.

COUNCILMEMBER KERN **seconded** the motion for discussion. He doesn't know if he's quite ready to make that leap right now, but he'd like to leave this on the table when we talk about structural deficit and getting that under control. It seems like we're piece-mealing things.

Public input

JIMMY KNOTT, 127 Sherri Lane, thinks what is being proposed is fair. A number of communities are slashing their budgets for their top executives by as much as 20%. He asked if in all fairness businesses and fee schedules would be reduced by 5% as well. To be fair this should be for all of the employees and not just the executives.

WILLIE LITTLE, 3201 Mesa Drive, is concerned about how things are happening. We're giving these managers a 5% pay cut and laying off employees so the managers now have to pick up the slack for that while their pay is getting cut. Council seems to have a problem doing things that benefit the people in the community. When we finish cutting here there may not be anyone left.

Public input concluded

COUNCILMEMBER KERN likes the idea of sharing the pain, but if we come back in 90 days, as his item is requesting, then the cut may be 4% or 6% or zero. The idea is to bring it into structural balance. He would like to see more of a comprehensive plan come back in 90 days to address our structural deficit. We're going to have to address that. Even though he seconded this, he cannot support it at this time. Maybe after seeing the restructure plan for structural deficit he can support it.

COUNCILMEMBER FELLER stated Council directed the City Manager to deliver a balanced budget, and we approved that a couple of minutes ago. We're in the midst of an overall efficiency study that, pre the City Manager, is due back hopefully within 3 weeks. We are considering the assessment of the City's ongoing budget challenges at that point. He can't support further pay cuts to one group of employees after the Council has given raises to other groups of employees.

Management and unrepresented employees were the first group to pay the full

amount of their PERS and they're going to bear the full cost of their medical, which is different than any other group, when it increases in 2012. As a group they're not the highest compensated employees in the City. He supports looking at the wages and benefits provided to employees, but reductions in wages and benefits need to be shared among all employee groups. Let's figure out a way to share the burden with everybody.

Somebody said Councilmembers make \$14 per hour but by the time we get done with the week we don't make \$14 per hour. We do this out of great respect for the community and the citizens we care about.

In view of the feedback he's getting, **COUNCILMEMBER FELIEN withdrew his motion and moved** that the City Manager do a salary comparison of the executive management positions between Oceanside, Carlsbad, Vista, San Marcos and Escondido so the public can see how our salaries compare to other cities and if we're in a position to incorporate any management reductions as part of a reduction of the structural deficit.

COUNCILMEMBER KERN seconded the motion. San Marcos just did their salary survey so maybe we can start there.

CITY MANAGER WEISS clarified that we're talking about the unrepresented management or are we talking about collectively.

COUNCILMEMBER FELIEN responded we're talking about the unrepresented.

COUNCILMEMBER FELLER isn't getting the purpose of that. We have to figure out how we're going to reduce and make our problem work structurally. The one thing he doesn't want to do is a comparison. The next thing we know we'll want to give pay raises, and when we find out what San Marcos is making you will. He's not going to support this. We've got a year to figure out this next problem, which is already here. The City Manager has already said its \$2,000,000 next year that he's aware of, so we have a lot of work to do in the next 9 months. He doesn't want to pick on an employee group. If we're going to talk about everybody, then he'll be in favor of it.

DEPUTY MAYOR SANCHEZ was not going to support the first motion and will not be supporting the second motion. When she and Councilmember Feller first came on the Council, she recalls the discussion about doing studies to see where we were in terms of benchmarking. We were seeing that we were the lowest paid for the County on most of the management positions. One thing that happens is you become a training ground and lose good people. We need to be efficient. Our City motto talks about service, and that service needs to be provided in a way that is going to be respectful of our community and not have new personnel all the time or perhaps additional lawsuits, which we seem to have moved in a positive direction with our employees. We've always treated the unrepresented the same as the represented; whatever we were able to bargain we then provided the same agreements with the unrepresented. It was the equitable thing that was a recommendation on behalf of the City Manager. She sees no reason to deviate from that.

COUNCILMEMBER FELIEN withdrew his second motion.

CITY MANAGER WEISS stated San Marcos just finished their study, and we did receive a copy of that today. He has not gone through it but if there is data in there that is comparable, we will try to summarize it and provide it to the Council. That way we don't have to do our own salary survey.

COUNCILMEMBER FELLER noted the City Manager had the handout about the employee's salaries for the calendar year ending December 31, 2010.

CITY MANAGER WEISS responded that document, along with more

information, will be uploaded to the City's web site within the next 30 days. Last year, at the Council's direction, we put all of that salary information on there. We will be updating that whole system within 30 days.

DEPUTY MAYOR SANCHEZ would like to see a broader spectrum in the study as we are so close to Orange and Riverside counties and maybe also include other San Diego cities, such as Chula Vista, etc.

COUNCILMEMBER KERN requested that Items 20 and 21 be heard together.

DEPUTY MAYOR SANCHEZ agreed.

20. **Request by Councilmember Kern to provide direction to staff to return to City Council within 90 days with recommendations to correct the structural deficit**
and

21. **Request by Councilmember Kern that staff provide City Council with quarterly budget updates on an ongoing basis (sooner if needed) with recommendations for budget adjustments to maintain a structurally balanced budget**

COUNCILMEMBER KERN stated we actually passed a budget tonight that's not really balanced; it's structurally out of balance. On Day 1 of the next fiscal year we're actually \$3,700,000 out of balance. Council this year used the Waste Management money to help backfill the budget. If we use the Waste Management money next year, which he isn't in favor of but we'll probably end up doing it anyway, we're \$2,000,000 out of balance. The following year we're going to be out of balance again by almost the same amount of money. We need to get ahead of this and take a look at the structural deficit and deal with it. Otherwise, we're going to be just like the State, who since 2005-2006 was 4% out of balance, structurally. Now, at the end of this, they have to cut between \$11,000,000,000 and \$13,000,000,000. If we do not correct this, we will be in the same position as the State within a few years. It will be catastrophic cuts because there will be no money left.

He **moved** to direct staff to provide Council with quarterly budget updates on an ongoing basis, or sooner, for recommendations for budget adjustments to maintain a structurally balanced budget. That would be quarterly starting 90 days after July 1st. He **further moved** to direct staff to return to Council within 90 days for recommendations to correct the structural deficit.

He's looking for a plan. We didn't get into this overnight, and we won't get out of it overnight. We need to come up with a plan to address the structural deficit. Councilmember Felien talked about reductions in salaries for managers, and that might be part of the plan. It's going to have to be the department heads, the Finance Director and the City Manager to come up with a plan to address that structural deficit. Otherwise, we're going to be at this same place every year with the same group of people worried about closing parks and libraries and cutting back on police and fire. Once we address that, we'll hopefully have a steady rise in income over a period of time because sales tax is rebounding a little. Property tax is not rebounding at all, and 50% of our income comes from property tax, so our revenues are going to be flat.

COUNCILMEMBER FELLER asked if this could end on September 30th, which is 120 days.

COUNCILMEMBER KERN would be agreeable to that. He **amended** his **motion** to say by the first available meeting in October for a workshop.

COUNCILMEMBER FELLER **seconded** the motion.

Public input

JIMMY KNOTT, 127 Sherri Lane, thinks this is pre-emptive. Council needs to have the efficiency study before you take action. We need to also look at revenue enhancements. He asked if the City Treasurer would be able to summarize the efficiency report for the City Manager.

ROBERT GLEISBERG, 1936 Palmer Drive, stated the elephant in the room is the City's labor costs. You've got to get a handle on the labor, and then the other things will fit. Talk about revenue enhancement is too ambiguous. Do you want to pass a sales tax, SB 653, which is a vehicle fee that can be passed on; or excise taxes, etc. He's giving his money now by paying taxes, and the only other thing he can do is vote. If you keep hitting the middle people with more and more taxes, we will leave the City and the State because we can't afford every new tax increase.

Public input concluded

COUNCILMEMBER KERN put this out 90 days because he would think by then the PFM study would be incorporated with whatever plan that we have. We should have their report within the next month and that gives time to incorporate what those recommendations are and which ones we will and will not accept.

When we talk about revenue enhancement, the City of San Diego tried it with Proposition D, and they lost by a 2-1 margin. Until we can demonstrate that we're going to be good stewards with the taxpayers' dollars, we cannot go to the public and ask for more money. If the State went forward with the sales tax now, they would lose. The State has said for a few years now 'give us the money and we'll fix the problem' but we gave them the money and now they want 5 more years to fix the problem.

DEPUTY MAYOR SANCHEZ assured Mr. Gleisberg that the City does not do deficit spending. While the City became a Charter City, we remain a strong City Manager form of government. We retained most of the laws that apply to a general law city, which include that you cannot have a deficit; you have to have a balanced budget every single year. There is no deficit spending in the City and there never was. You can't spend something you don't have, which has been our basic policy.

With respect to labor, the services that the City provides are labor-intensive. Everything we do as a City means that there is somebody providing that service. Be it someone cutting the lawn or someone at a counter responding to a question, there is a person behind it. There is nothing automated about our City. She appreciates the frustration, but this is a service sector. Tourism also has a lot of things where we provide a service.

She believes that if we have this kind of an issue, it should have been brought forward by the City Manager. She has concerns about directing staff to do something that is not being brought forth by the staff. She asked her Aide to ask the City Manager what a structural deficit would mean: a \$4,000,000 cut to public safety? She doesn't know if that's really where we want to go. Are we going to be closing libraries and parks? Are we back to the notion that cities should not be providing these kinds of services?

She read an article today that talked about how our swimming pools were built as Public Works projects during the Depression. Perhaps it is not something that we like to think about. When people are out of work and need a little push to get to that next step, many times they look to a service that is provided like a library to be able to produce a résumé or research job skills. We need to keep our citizens working, or at the very least be able to give them assistance in finding a job that's going to bring that money back into our economy and continue to provide us the stable economy that we've had over these years, especially our small businesses that have seen the fluxuations

June 1, 2011

Joint Meeting Minutes
Council, HDB, CDC and OPFA

whenever there was a major deployment and yet they remain.

The bottom line is that as Councilmembers we decide what the priorities are for the City. We should continue to have our citizens' and the City's best interests as the highest priority. We can differ about what that means, but pushing this forward without any real discussion points before making that kind of direction is going to get us to cuts to public safety. Who's going to want to move here as a resident or a business if our crime rates begin to go up? Who will want to risk their property or their lives if they know that their response time is going to go from a 5-minute response time to something like 12 or 13 minutes or longer? She understands where we're all coming from on this, but she thinks this is the wrong way to go. The City Manager has been working on this and has asked to have this study done. Until we see that study, the public states what the priorities should be and Council publicly states whether we agree or not, then we shouldn't be doing this.

Motion was approved 3-1, Sanchez – no, Wood – absent.

INTRODUCTION AND ADOPTION OF ORDINANCES - None

ADJOURNMENT

DEPUTY MAYOR SANCHEZ adjourned this joint meeting of the Oceanside City Council, Community Development Commission, Small Craft Harbor District Board of Directors and Oceanside Public Finance Authority at 6:25 PM on June 1, 2011, to a Mayor/Council workshop on Tuesday, June 7, 2011, at 2:00 PM.

ACCEPTED BY COUNCIL/HDB/CDC/OPFA:

Barbara Riegel Wayne
City Clerk, City of Oceanside