



California

ITEM NO. 4

CITY OF OCEANSIDE

MAYOR AND COUNCIL WORKSHOP

MARCH 21, 2012

ADJOURNED MEETING 4:00 PM COUNCIL CHAMBERS

**4:00 PM - OCEANSIDE CITY COUNCIL
- WORKSHOP**

Mayor

Jim Wood

Deputy Mayor

Jack Feller

Councilmembers

Jerry Kern
Esther Sanchez
Gary Felien

City Clerk

Barbara Riegel Wayne

Treasurer

Gary Ernst

City Manager

Peter Weiss

City Attorney

John Mullen

The adjourned meeting of the Oceanside City Council was called to order at 4:01 PM, Wednesday, March 21, 2012.

4:00 PM - ROLL CALL

Present were Mayor Wood, Deputy Mayor Feller and Councilmembers Sanchez and Kern. Councilmember Felien arrived at 4:02 PM. Also present were City Manager Weiss, City Attorney Mullen and Assistant City Clerk Trobaugh. Councilmember Sanchez led the Pledge of Allegiance.

WORKSHOP ITEMS:

1. **Acceptance of the City Manager's proposed FY 2012-13 General Fund Departmental Funding Allocation Plan, and provide direction to staff**

PETER WEISS, City Manager, stated this is something that we've now done any number of times over the last several years as a result of ongoing challenges as it relates to the City's budget. We have had ongoing issues in regards to lost revenues, primarily the result of a reduction in our two primary revenue-generating key areas, which are property taxes and sales taxes. We have seen some slight recovery particularly in the sales tax market, but a lot of that has to do with the price of gasoline. Although we're seeing some slight recovery, he doesn't want to be too optimistic because there is a point where we hope the fuel prices will go back down.

We are also seeing ongoing increases in our personnel class, primarily attributed to the City's pension, healthcare and worker's compensation costs.

We updated the City's 5-year financial forecast and, by way of example, for fiscal year 2012-13 budget that you're looking at today as a budget proposal, we are looking at revenues being short of expenditures by about \$1,600,000. In fiscal years 2013-14 and 2014-15, that trend continues at about the \$2,000,000 per year deficit mark. Today we are proposing an allocation that will cover that \$1,600,000 deficit.

As we look at our personnel costs, from this current year there are modest increases over the next several years. The health insurance increase is significant for this next year and part of the ongoing cost of 2013-14 and 2014-15. We've left the health insurance cost flat as a result of provisions that are contained in most of the MOU's that have a re-opener. In that includes if the cost for insurance exceeds a certain percentage then we go back to the bargaining units and have the ability to talk to them about sharing some of those costs. The only group that pays the entire increase in health insurance is the unrepresented group.

The same with the PERS costs. We're showing them based on the current PERS forecast that we have. We do know this past week PERS changed their rate of return from 7¾% to 7½%. That change is not reflected in these costs as they don't take effect until 2013-14. The estimate of that cost is that there will be about a \$1,500,000 increase in our PERS costs starting in 2013-14. The PERS Board did direct PERS to phase in that increase over 2 years. We don't know yet what that means, and we will not have further clarification on that until at least October.

Over the last few years, the Council has set a goal that over a certain period of time all employees would pick up the full employee share of their PERS costs, with one exception right now, which is the Fire Department employees. All other City employees are picking up the employee's share of their PERS costs.

A computer graphic was used to show how that has affected the City's actual costs as it relates to PERS. In 2008 and 2010 for safety, there was minimal pick-up of employees. For 2012, that pick-up is about \$2,000,000. For miscellaneous employees, back in 2008 they paid about \$650 to \$7,000. That number has increased to almost \$2,000,000 for the 2012 year. As a result, the City's out-of-pocket cost in 2008 was \$17,600,000, and in 2012 it would be \$16,000,000. The employee pick-up costs went from \$600,000 to a total of \$4,000,000. Obviously those numbers will increase if all employee groups pay their employee share of their PERS costs. The actual City cost has dropped slightly.

For the 2012-13 budget, based on the Council's discussion and direction at a workshop you had late last year, we've done a reallocation so that the allocations for safety are 98.5% of their 2011-12 budget. For non-safety departments, their spending would be limited to 98% of their 2011-12 budget. That balances the basic operating costs only. It does not provide any additional funding and continues to defer funding for the City's building maintenance program, with the exception of City Hall, the Police/Library facility and the Operations Center. All other City buildings are deferring their long-term maintenance. We're also deferring community landscape enhancement projects. This is not including Council's recently adopted policy about any funding toward long-term pension and healthcare unfunded liabilities, nor does this budget provide any additional funding to increase your reserves. It balances your basic operating costs only.

With the 98.5% safety budget and 98% other department budgets, we're looking at what we reduce to hit that number. A computer graphic was used to show the reductions by department. The total of those reductions is about \$1,400,000. You've seen a lot of this information before. It's just an ongoing and systematic reduction in services for a number of these departments. The result is that there are about 16 positions that will be eliminated through this process. None of those positions are currently filled due to attrition, retirements and other people moving on.

The other adjustment that is included in your budget proposal is to readjust the salary of the City Clerk's position. Currently, the City Treasurer has a salary of roughly \$33,000 and the proposal is to re-adjust the Clerk's salary to be the equivalent of that. The Clerk's current salary is \$123,000. With benefits, that amounts to about \$167,000. Part of that recommendation would be to establish the Clerk's office similar to the Treasurer's office where you have a day-to-day manager of the department. Part of this

recommendation includes an equity adjustment to the Assistant City Clerk's position and then providing \$40,000 for hourly extra help to process day-to-day activities. That total savings would be approximately \$92,000.

In summary, departmental reductions are about \$1,400,000. We do have to increase the budget approximately \$180,000 due to the election costs coming up. As part of your workshop several months ago, we did have a discussion about increasing ambulance fees to be more cost-recovery. That item will be on your April agenda. Even with those increases, we will not be near cost recovery, we will still be significantly short of full cost recovery. At this time, we can't recommend full cost recovery because the fees would be disproportionate to our surrounding communities. That is a total savings of approximately \$1,600,000.

We are also in various stages of looking at outsourcing a number of City programs. Council took the Library outsourcing off the table, so that leaves us with right-of-way clean-up, trash removal and street sweeping that we are currently looking at. We have received responses to those RFP's (Request for Proposal). We had interviews recently and are doing the final negotiations. We hope to have a recommendation to the Council at the end of April or early May Council meeting. However, for most of these there will be minimal General Fund savings, since most of these are non-General Fund programs. There would be some General Fund savings on parking enforcement and maintenance. That RFP is about completed and we should be issuing it in the next 45 days. The same with Fleet. The recreation custodial RFP's have just been submitted and we will be going through that process. We are in the early stages of the Harbor administration and maintenance RFP process.

As a result, if we pursue and Council agrees to look at outsourcing these programs, it will result in a reduction in the number of City employees and that will reduce the City's long-term pension obligations, which has been a concern for Council.

One of the issues that came up is to be able to look at some funding alternatives in relation to the program reductions we are providing to you. We do not have a detailed alternative funding recommendation for you. In the back-up material is a listing of the different General Fund programs, their cost, relative revenue generation and what that would mean if Council wants to look at alternatives. For example, if they're not interested in public safety reductions, we would have to identify and could prioritize systematic reductions. The reality is there are very few programs left where we can do systematic reductions. We are getting to the point where there are minimal vacancies, and a number of those vacancies need to be filled. Otherwise, we need to be looking at complete elimination of certain programs, depending on Council's direction.

His recommendation is that Council look at the funding allocations, accept the City Manager's General Fund allocation plan and direct us to prepare the 2012-13 budget for adoption in June.

Public input

JIMMY KNOTT, 127 Sherri Lane, wants to concentrate on funding alternatives. He's already sent Council copies of an expanded version of funding alternatives:

- Universal pay and benefit cuts from top to bottom.
- Increase the sales tax by a half cent. One quarter of that would need to be set aside for the debt. The other quarter would be for shortfalls and infrastructure. We're going to need to start addressing infrastructure in the next 5 years.
- Cease using any unreliable, anticipated sources of revenues. This has been a problem throughout the decades.
- Councilmembers have zero cuts in the budget department. All other departments have cuts. If Council took 10% their budget, that would equal what the other departments are doing. Lead by example.
- Cross train our police officers as they are normally first on the scene.

- Establish a park ranger system. They are half the cost of police but do the same duties.
- Restrict responses to what is needed, no longer to vehicles. Separate out the police work. They don't need to be doing social work, county legal or health department work.
- Move administrative front-line personnel at least one day to the front desk and integrate them more with the public.
- Instead of replacing the first responders with humans, go to Community Technology Assistance systems. You can save ¾ of the cost.
- The City is in the next stage of development. We need to establish township Councils. They will save funding there.
- Effectuate all of the California-sanctioned revenue generating options that are viable. There are 13 listed on his list.
- Increase the TOT (Transit Occupancy Tax), as other communities are, from 10% to 12%.

JOAN BRUBAKER, 1606 Hackamore Road, was disturbed with the itemization for \$586,400 for police being what she assumes is eliminated. With the recent homicides we've had in Oceanside and a reduction of investigative personnel, she wonders if this is going to be a safe plan for our citizens or do we just not care what happens to the citizens? Police work should be kept as near what we have right now at almost any cost. That is an important part of the citizens' lives in any city. Everyone is aware of the problems that exist here in Oceanside.

DONNA MCGINTY, 2405 Mesa Drive, is disappointed that the complaining, I-want-my-stuff public isn't here participating in what is probably one of the best opportunities they have to try to achieve what they see as the ultimate goal, such as keeping the library open. We need to cut every avenue possible on a temporary basis, if not on a permanent basis. Outsourcing is something that is being let go in the library issue that should be brought back on the table. We can recoup what we've lost and do things differently later on. For now, we just don't have the money. If there is any issue of increasing our tax burden in order to keep the library and the nice City that folks have been demanding because it's an election, that's a bunch of bologna. There is not going to be bunch of people interested in keeping a tax roll going to a situation that can be turned into a lot less expense than what it cost. \$4,000,000, minimum, is a lot of money. A couple of million of that should go to paying down the \$300,000,000 2010 debt. The people have begun to realize that debt is on the table and being tended to, finally. You are not the responsible parties for any put during your terms of office where monies put elsewhere could have been put in that direction.

She likes the idea of increasing TOT. We should do whatever is fair and reasonable under the circumstances. Things that people have been spoiled rotten by, need to be laid aside for now.

Public input concluded

MAYOR WOOD stated we've covered this for the last few years. The economic aspect for the City, State and world hasn't been good. As a City we've done fairly well considering what's happening in other cities. What the public expects from him is services. They pay taxes and want services such as police, fire, pools, libraries, parks and recreation, streets, etc. We've been cutting and cutting, like a lot of cities, and that does impact what we can provide for services. We're down to the bare minimum right now. It's a year-to-year thing, and it's tough. He's not in favor of cutting and cutting. Some of the outsourcing needs to be looked at, and we will. However, he's concerned about where we're going with public safety, etc.

There have been issues brought up about how we can afford to pay for this and someone brought up the half cent sales tax. When you leave our town, you're paying the half cent sales tax anyhow in other cities. Nobody wants to hear the word tax or fee in this economy, but it would bring \$8,000,000 to the City. We could hire all of our

people back and start putting money into our reserves. We've had some suggestions from outside people and even the Fire Department, but none of those have been accepted so we're cutting and cutting. We have to look at the option of a half-cent sales tax. We're a tourism area, and half of that tax would be paid by people coming in from out of town. You probably wouldn't recognize it in your pocket, but you'd be paying for the City's operations. He hates to see us cut parks, libraries, pools, senior centers, etc. We have to look at getting through until there is some sort of solution.

He **moved** that Council should accept the City Manager's proposal on the General Fund allocation plan and direct staff to prepare the FY 2012-13 budget for adoption for June, 2012. He's not happy with it, but considering nobody wants any of the ways to bring up funds, he would have to go with the City Manager, considering most of the cuts will be from positions that haven't been filled.

COUNCILMEMBER SANCHEZ **seconded** the motion. Staff's recommendation is that we accept the City Manager's proposal for fiscal year 2012-13 for the department funding allocation plan. It is our City Manager who is in charge of day-to-day operations and has spent a lot of time and effort discussing with the department heads how to get us through. As indicated in his staff report, there are some indicators of economic recovery; however, it is slow. She's lost track of how many projects have been approved, and we're looking forward to seeing them proceed. We have plans to go forward on the CitiMark plan. There's a hotel going up there. We're looking forward to El Corazon. There are other things that are just waiting. This time is temporary, although it feels like it's taking forever to move forward. The City Manager's proposal going forward is a good plan.

She asked how the City Manager factored in the changes regarding Redevelopment? There are pros and cons and, of course, the hotel is our biggest concern as far as making sure that goes forward. There is a whole structure that will have to follow in terms of getting whatever proposal we have to be accepted. In terms of Redevelopment being lifted and the funds that were frozen so those funds could be concentrated into this area and see it flourish, how are those Redevelopment changes going to affect our tax base?

CITY MANAGER WEISS responded the potential increase in property tax revenues have not been factored in. As of right now, we do not know what they are going to be. The budget for the successor agency and then the Oversight Board does include money for some administrative and staffing costs. It is not going to include sufficient money to cover all of what we are currently charging to Redevelopment. The Planning Department, for example, has had to absorb some additional costs where they were offsetting costs to Redevelopment, as well as the Manager's and Attorney's offices. The future of what we're going to get out of this at this point is uncertain. We probably won't get any further clarification for the next several months until we both wind through what happens as a successor agency, the Oversight Board, and then through the Department of Finance.

COUNCILMEMBER SANCHEZ asked what the official date is that they will be unfrozen.

CITY ATTORNEY MULLEN responded the Oversight Board is constituted on May 1st. There will be a meeting schedule established. We have already distributed our ROPS (Recognized Obligation Payment Schedule) that identifies how we are going to pay our enforceable obligations.

CITY MANAGER WEISS stated part of it is there is legislation pending, and part of that legislation is what to do with the excess bond funds? Do they go to the taxing entities or can we spend them? Our position has been we can spend them for the purpose for which those bonds were issued. In the event that position is not accurate, those monies would have to go to defease the bonds, which may have been

an impact on the amount of money the various taxing entities get back once the County Tax Assessor distributes.

CITY ATTORNEY MULLEN stated that shouldn't have an effect on your General Fund budget.

COUNCILMEMBER SANCHEZ stated her question was how do we factor in the changes in Redevelopment in terms of the property taxes for downtown. The idea behind Redevelopment is to freeze the tax base so that the extra funds could go into one area. Is that going to change at all?

CITY ATTORNEY MULLEN responded there will be no tax increment. The tax increment will not be distributed to the former Redevelopment Agency, other than to pay for enforceable obligations. Basically, the way the statute works is that we use our existing cash in Redevelopment to pay enforceable obligations. To the extent that is insufficient, then we would be provided funds through property tax to pay off existing enforceable obligations. Everything is geared toward paying off debt.

COUNCILMEMBER SANCHEZ asked if the City will see any increase via property taxes because Redevelopment is at its end.

TERI FERRO, Director of Finance, asked if she is trying to determine, because of the dissolution of the Redevelopment Agency, whether the City's General Fund will benefit from additional property taxes.

COUNCILMEMBER SANCHEZ stated her question is what are the changes and how have they been factored into looking forward.

MS. FERRO responded unfortunately, there are still a lot of unanswered questions on a statewide basis as to how this works. She has been working with our property tax consultants to see if they could give her a feel for this, but we don't have a lot of answers. She thinks we're going to get clearer answers after July when the State Department of Finance and the counties have their information, and then they should be releasing it to us. As mentioned, we had to release the initial ROPS. That only takes us through June 30th. Until we get the July through December one out to counties and they can put their formulas together, we will not know. As soon as we find out, we'll bring it back to Council and can deal with it at that time.

COUNCILMEMBER SANCHEZ stated it should be some kind of a positive, right?

MS. FERRO responded it will definitely be positive, we just don't know to what extent.

COUNCILMEMBER SANCHEZ clarified that you haven't factored that in yet because of all of the unknowns.

MS. FERRO responded exactly.

COUNCILMEMBER SANCHEZ read somewhere that our red light camera enforcement program was not net zero and perhaps is now starting to cost us. If so, is that something that we can eliminate to make sure we don't have a cost?

CITY MANAGER WEISS responded the contract we have with RedFlex does have a provision in it that if we are not getting sufficient revenues to pay their ongoing operating costs, we can terminate that contract. Two new intersections were recently put in place, and we are tracking those revenues on a regular basis. Should we get to the point that we can make a clear distinction that we're not getting enough money, then we will bring that back to Council. We heard from at least 2 Councilmembers that they are interested in the consideration of eliminating those cameras. As soon as we

have justification that we can get out of that contract, we will bring that forward to Council.

COUNCILMEMBER SANCHEZ stated the bottom line of what this represents is eliminating 16 positions that are currently vacant, and we will have a slight reduction in services. She knows how much pride our employees have in working for Oceanside and how difficult this time has been. This puts a little more stress on them, but hopefully this time period will be ending soon.

COUNCILMEMBER FELIEN knows this is a tough budget to put together, and the news isn't likely to get better over the coming years. What concerned him was the issue of postponing long-term maintenance. He asked the amount that's being deferred. He doesn't want to end up like San Diego where water lines are breaking every day. You always pay more in the long by not keeping up with your maintenance. Since our budget problems are not temporary, we can't get savings from postponing long-term maintenance.

CITY MANAGER WEISS responded we are not deferring maintenance on any of the prime infrastructure, meaning water and sewer. The Council, a number of years ago, had allocated approximately \$250,000 a year for community enhancement projects, which were primarily set aside to accumulate for beautification, median landscape projects, etc. That money is no longer there, as well as deferred building maintenance, which includes all of the cities buildings, primarily restrooms and parks, recreation centers and resource centers, where they are outside of City Hall, Operations Center or the Police/Library building. The money that was being set aside was \$200,000 a year.

COUNCILMEMBER FELIEN asked if, based on the challenging times we're in and in light of recent headlines, is the Police Department satisfied with the budget you have and can they do the job that we expect out of the Police Department.

FRANK McCOY, Police Chief, responded anytime that there are cuts, it's hard to be satisfied. He would like to increase the number of officers that we have in order to continue our efforts to make our community safe. For the past few years in these challenging times, we have made cuts that we think will have the least amount of impact on services to the community. However, those impacts will absolutely be felt by the community.

COUNCILMEMBER FELIEN asked, in terms of eliminating the vacant positions or not filling them, were these vacancies created by a process of attrition and what type of things will not be getting done as a result of allowing these positions to stay vacant or eliminating the vacancies.

CHIEF McCOY responded we did have a number of retirements last year that made way for some vacant positions that we kept vacant, anticipating that we could have budget challenges for this upcoming fiscal year. From the positions that we had recommended to the City Manager for unfunding, the potential impacts for the community can be anywhere from waiting longer for reports to be processed, waiting longer in our facility for services, increase in calls for service, or a lack of personnel available to assist in neighborhood watch meetings and those various types of services.

COUNCILMEMBER FELIEN stated until we get to a position where contracts have our employees paying their full share of PERS and eliminating things like the EMPS 9% pension spike, he can't justify going to taxpayers and saying they should be paying increased fees and taxes. His favorite onerous provision is getting paid overtime for being on vacation or home sick. He doesn't know how anyone can justify higher taxes or a half percent sales tax when we have provisions like that in our labor contracts.

Until these labor contracts have benefits structured similar to what represents what the taxpayers who are paying the bills have and can expect, he doesn't see how

we justify increasing the burden on them. California is already so out of balance with the highest personal income tax, corporate tax and sales tax. If we're not in the highest, we're certainly in the top 3 for the highest regulatory burden, highest cost for energy and unreliable water. For the City to say we're going to add more costs onto that could be the straw that breaks the camel's back. Until we have realistic labor contracts that meet the economic conditions we're in, taxes should be the last solution and not the first solution.

COUNCILMEMBER KERN can't support the motion. We just got this on the 13th, and he sent a letter to the City Manager delineating 14 questions he had. He's had no response to them yet. Hopefully he'll get responses, and then he can make a decision on this.

He is not sure about the Clerk's position. We've had a full-time City Clerk department head since we started the City. If it's okay to make one department head part-time and increase the Manager's salary to pick up that load, why can't we do that to all of the departments? Why was this one department singled out? He would like that answered before he votes on this.

Those are reasons why he can't support this motion today. He doesn't mind giving direction to staff to come back. We have time.

Regarding questions asked by the public, he asked this Council to go to a priority-based budgeting process instead of just having everybody take a 2% cut across the board. This Council does not want to set priorities. They would just as soon cut 2% across the board until the programs we have aren't working anymore, so this is the process we're stuck with. He loathes this process. We need to get a handle on this budget much better than we're doing now and use a priority-based budgeting system.

Police and Fire are supposed to be the priorities, and he keeps hearing from other Councilmembers they are, yet they want to just take a 2% cut across the board. Maybe instead of getting rid of one department head, they can take a commiserate cut so that department head stays the same. We can cut them all instead of in just one department.

His biggest fear is, with the CitiMark project and hotel coming on line in the next 18 to 24 months, we'll probably have to dedicate a building inspector or two just to those two projects alone. That means those people who are trying to get their room additions and small projects done will have to wait 2 or 3 days before we can service them. That's one department that we may have to re-evaluate as to whether we want to keep cutting them. Maybe we could have a provision in there that once these projects get approved and break ground, we can hire an employee to provide that service. That's what we're here for. We're in the service delivery business, and how we deliver services to those people is very important.

He can't support this now. Back in 1976 there was an election to appoint the Clerk and Treasurer, and it lost 8:1. The citizens wanted an elected Clerk and Treasurer. If we're going to do anything with those elected positions, it should be the people who make that decision.

Maybe we can come back in a month with a follow-up meeting and go through this process. It's frustrating. He can't support everything in this budget. He can support maybe 90% of it. But he still has those 14 questions outstanding, and he has some other issues as well. He'd like to get his questions answered, and give direction to staff and then come back and keep working at this. If we just accept this as what happens in June and wash our hands of it, we aren't doing our job. Our primary job as a policy board is the budget. The long-term viability of this City depends on us getting a handle on the budget.

MAYOR WOOD stated we're no different than the cities around us. These aren't good times, but he hates the doom and gloom aspect of this, the idea that we're in crisis and going to fold under as a city tomorrow. Some of the things that are brought up scare people in the community. That concerns him. We aren't that bad off, and we know we have to address things. He hears the statement that we're here to provide services, but nobody wants to come up with any other source of revenue to get that, except getting rid of employees or having the employees pay for everything. We have an MOU. It's a contract, and we can't change a contract that's already been settled.

As to not being able to support this motion, where do those Councilmembers want to cut to make up the difference we need. The City Manager is trying to spread it out through the whole City with positions that are not filled. If you don't want that, what's the other option? You have to come up with a way to get the money, and you don't want to come up with ways to bring money in because you are against taxing. There aren't a lot of choices here; where do you want to cut? Why not accept some outside recommendations to bring revenues into the City?

He doesn't try to step on the toes of the City Manager. As Council, ours is the set policy. We pick a City Manager and City Attorney to run the City. When we negotiate with the employees, we have representatives from the City Attorney and City Manager's offices there. These things don't just come out of the blue. Nobody was planning on this economic disaster, but we have contracts with employees. All of the employees, except the Fire Department, have decided to pay their portion of PERS. The Fire Department offered to give us \$1,000,000 back, but this Council didn't want to take it.

He made this motion because he doesn't feel he has any other choice when nobody wants to look at other options to bring in revenue. We can't cut any deeper. We're here to provide services to the public, but we keep cutting.

COUNCILMEMBER FELLER asked about the portfolio earnings. Can you tell us about our investment earnings and what the prospect is there?

CITY MANAGER WEISS responded we are currently making 1%. Overall, compared to the amount that was budgeted, we are projecting about a \$350,000 to \$400,000 shortfall because those earnings are down.

GARY ERNST, City Treasurer, added we are going to have a policy review coming up at the next Treasurer's Investment Oversight Committee meeting, which will be in May. We do have established guidelines that we have in place for a reason. The primary focus of the department has always been to protect the principal investment for the City. Second to that is the return. We are limited with respect to what we can invest and what particular vehicles we invest in. We are certainly going to take a look at that in May to see if we can sharpen the pencil a little bit.

Unless we see an inflationary spiral in the market, which could happen if energy prices continue in the direction they're going, we might see the federal government take action to start raising rates. Then you'd see a better return, but at what cost. We have to weigh that as to how it will affect the rest of economy and our operations.

MICHELLE LUND, Treasury Manager, stated we are looking for different ways to enhance yield through investment in municipal and corporate bonds. Those that are obviously safe are rated appropriately. The proposals that we may be bringing forward have to do with giving us more flexibility in investing in higher grade municipals and corporate bonds. Right now, our policy is fairly restrictive as to how long we can go out with the grade with the investment credit ratings that they have.

In summary, there used to be more companies out there with AAA ratings as far as corporate bonds. There are now only four companies out there that have AAA

ratings. We need to look at providing more flexibility in being able to invest in AA companies and longer on the maturity level. Even if we do see an increase in bond rates, it takes a long time for us to realize those increases because our portfolio is invested in such a way that it takes a long time.

COUNCILMEMBER FELLER asked what a long time is.

MS. LUND responded sometimes a year or so to start seeing a reversal in the decline in interest earnings. That's mainly because we're fully invested. As bonds start maturing then we'll see some significant earnings. The one good thing right now is that our portfolio has increased in its par value. That's related to the cuts that we have made. We aren't spending the money, so our portfolio size has increased. The bad news is we're just not earning that much on the portfolio.

COUNCILMEMBER FELLER asked where and how can the reserves be increased.

CITY MANAGER WEISS responded, based on Council policy, as soon as your revenues start exceeding your expenditures then there is a policy about appropriating money and putting it into those reserves and long-term obligations.

COUNCILMEMBER FELLER asked if we sold assets, can that go into reserves.

CITY MANAGER WEISS responded yes.

COUNCILMEMBER FELLER noticed in Fire those don't seem to be so much cuts as a form of fee increase. Everybody should understand that the Fire Department is limited in identifying cost reductions, due to the negotiated mandatory minimum staffing levels. If that was not in place, how would cost reductions occur?

CITY MANAGER WEISS responded that it depended on the type, manner and extent of those reductions. Council would have to look at some form of reduction or redundancy in services where they could take units out of service for some period of time. The Council did authorize and we are hoping to get the TriData study, which looks at Fire resources and deployment. Hopefully, the final report will be available in the next 3 weeks, and we're looking to schedule a workshop on that item at the end of April.

COUNCILMEMBER FELLER was the one who asked about the Clerk's position being an appointed position by the City Manager as a department head. That would work, but it has to be done by the voters and we didn't get any support for that. It can't be brought forward at this point, so we'll be going forward with an election for City Clerk in the fall.

CITY MANAGER WEISS stated any change that Council would make would not be effective until after that election.

COUNCILMEMBER FELLER asked if we ever had a negotiation where we were offered \$1,000,000 from the Fire Department.

CITY MANAGER WEISS responded there were some early discussions. An offer was made and then a counter-offer was made, which was not responded to. We are currently in negotiations with the OFA and OFMA.

COUNCILMEMBER FELLER would like to have a little more review on this. He's concerned that we haven't made cuts on some departments. He has not had support, so far, for eliminating Council Aides. Many cities don't have that. In Carlsbad, they have one assistant who is appointed by the City Manager to handle all of the day-to-day tasks for their Council. That's \$350,000 that this Council could contribute. Council has reduced about 25% of our salary since he came on the Council. That's a

pretty serious reduction. To do the day-to-day operations, it is a fair salary at \$26,000 a year, including car allowance, but it is not a super salary. We do have the ability to change that with the Council Aides.

MAYOR WOOD asked how much money we make on our investments.

MR. ERNST responded between 1.2% and 1.25% at this time.

MAYOR WOOD stated if we owned a mobile home park in Oceanside we'd make 14% to 40% on our money, right?

MR. ERNST responded from what he hears it is 10% or more at the minimum.

MAYOR WOOD stated if we're not taking any revenues from any other sources, where else could the City Manager make cuts?

CITY MANAGER WEISS provided Council with staff's recommendation today. He recognizes that Councilmember Kern has given us a series of questions, and we're in the process of preparing the responses to those, which we will make available to the entire Council. He has not heard that Council is not interested in moving forward with this, other than needing additional time. As soon as we answer those questions, provide them to Council and schedule another workshop, from a staff level, unless there is something specific you want us to eliminate, change or modify, we would come back with the same recommendation.

MAYOR WOOD stated if we don't go with the budget that you're recommending, he assumes you're going to put cuts from services on the table. Would that have to come from pools, libraries, parks and recreations to make up this \$1,600,000?

CITY MANAGER WEISS responded if we didn't do the reductions as proposed with the vacant positions, we would need to look at programs. If we were looking at the elimination of programs, we would look at those that are not revenue-generating. For example, in the parking enforcement program if you eliminate an officer, you lose more money from the lost revenue. There are revenue-generating programs that we would have some issue with. The primary ones that are nonrevenue-generating come back to the community and cultural services, which is parks and recreation and libraries.

COUNCILMEMBER FELIEN asked, regarding the Fire figures of \$312,000, how much of that is the cost recovery for inspection.

CITY MANAGER WEISS responded it's around \$90,000. That is one of the questions that we received from Councilmember Kern's office, and we will be providing a draft staff report with that response.

COUNCILMEMBER FELEIN stated looking at the revenue side of it, where you have the \$90,000 plus the \$300,000, plus the \$91,000 you're estimating from the Clerk position, we're talking roughly \$450,000. As part of preparing for the budget, could you please prepare \$450,000 in cuts that you will be recommending if those revenues aren't brought forward.

The City has owned a mobile home park. He asked if we are getting 13% on our mobile home park.

CITY MANAGER WEISS responded the City doesn't, other than management fees, make any money off it.

COUNCILMEMBER FELIEN can't let this 13% nonsense go without being addressed, because it's 13% based on appraised values from 1969. No one wants to rent their home and get a 13% return based on the home value in 1969. If you

calculate home prices in 1969 with a 13% return, you'd be earning in today's dollars about a 1% rate of return. It's interesting that mobile home parks are so profitable, but none got built after rent control passed. If the profits were so overwhelming, why wasn't every housing project converted into a mobile home project? Because the profits aren't comparable to the other alternatives that were available. We'll decide that in June. We need to have some accuracy in math when we're speaking at the dais.

He is not going to support the current motion. He asked Councilmember Kern to elaborate on his idea of priority budgeting rather than the across the board cuts that we have been using. What areas do you feel should stay the same that you don't think are getting the revenue they should get versus things of a lower priority.

COUNCILMEMBER KERN can't tell you specific ones. The idea is for all 5 Councilmembers to sit down and figure out what our priorities are and what is that priority-based budgeting. Some departments may stay the same and some may go down slightly or even increase, but other departments would be decreased because we don't see them as a priority.

Obviously the Mayor's priority is public safety. We can say that's our priority and we don't want to cut public safety, so we'll have to cut someplace else. Then we have an idea of where that priority is instead of a shotgun approach where we're just going to cut everything across the board. We're getting to the point on some of these programs where if we keep cutting them every year, they won't be effective anyway and will have to be eliminated. He brought that idea up at the last workshop and it was voted down, so we can't go back to that now. Hopefully next year we'll get a Council that understands budgeting and wants to work within the departments and have a budget process where we can bring forward a priority-based budget.

He's not here to scare anybody. Those numbers are not his numbers. Those numbers come from the Finance Department and the City Manager's Department. How we handle that is what we need to do. The numbers are scary, and he understands the Mayor saying it's not our fault. But we have to deal with what we're dealt. We can't keep kicking it down the road like the State and federal government or we'll end up like the State and federal governments.

He complimented the Treasurer's Department for outdoing PERS last year. That's part of our problem and part of the reason we have this hit coming in 2013. Their return on investment is only 1.1%. They're assuming a rate of return of 7.75%. That's why we're going to be hit with another 1.3%. It's not our fault, and he's not trying to scare anybody. But it's reality, and we need to deal with it.

His goals are to deal with a priority-based budget, deal with the reality we have and work with everybody involved to come up with a budget that best suits the citizens of Oceanside. We only have so much money, so how we spend it is the most important thing we do.

He has questions and hopefully those answers will come back within a week or so. We need to come up with some other ideas. If we keep doing this same thing, we'll get the same results and be back here next year with the same process and concerns about what's happening. He's not about doom and gloom; he's about reality. If you don't want to deal with reality, maybe you shouldn't be on the dais.

ASSISTANT CITY CLERK TROBAUGH stated regarding cutting the City Clerk position to part-time, the issue is the workload. We have cut staff and are about half of what we were in 1992, and yet programs have been added. Every new legislation, like the Public Records Act, increases our workload. There are 3 salaried positions. She is one and the other 2 are out on medical leave, so she has no staff that can work overtime and we're doing 2 elections. Everything we do in our office is dictated to us by Government Codes, Elections Codes and City Codes, so there is nothing we can eliminate. We must still meet all of the deadlines.

Regarding using hourly extra help, the job is very technical and becomes more technical each day with new legislation. Hourly extra help would not benefit us. There is too much training involved. We would not be able to have them answer any questions asked by the public, and they wouldn't know what the laws are. If we go to a part-time department head, she would recommend that instead of hourly extra help to put that money toward a permanent person who is at least $\frac{3}{4}$ time that we can train and keep.

Everyone except one person in our department is retirement age. We have to get somebody in there that we can train for when everybody retires within the next year or two. Cutting a full-time position right now is going to really handicap us. Council needs to be aware that there are problems with that. Especially with losing so many employees, we really have to have a handle on the records. We are already running into issues where documents can't be located, and the people who would know the history of that document have retired. This position is critical right now as far as the work goes.

DEPUTY MAYOR SANCHEZ stated when she received the City Manager's memo she read it and then went in and talked to him about it. City Manager Weiss has always had his door open to Council and is always willing to talk frankly about our budget. She doesn't understand what Councilmember Kern is talking about. He is running for office against the Mayor, so he has to try to make a point of saying something, but all she hears is gibberish from him. He's been here how many years and he can't get those questions out and answered and be prepared for this. This is a campaign speech, and it's embarrassing. Our citizens and employees deserve a lot more than what we're giving out.

Regarding the vacancy decontrol, she will debate him anytime and anywhere. He doesn't know what he's talking about.

Councilmember Feller talked about the Aides, and she would really like to get down to having part-time Aides. Let's do it in stages. Other Councils that have part-time Aides get paid something like \$75,000 per year. She's not proposing that at all. This is public service, and that's why we get less than \$25,000. We do need to talk about cutting our Aides down to 37 hours a week. Let's do something.

In the budget the City Manager provided for us, he proposed that Council also cut 2%. Cutting our Aides by 7 hours each is 35 hours, and it will at least get us that 2%. She proposes Council do that.

COUNCILMEMBER FELLER wishes our Aides only worked 37 hours. That would be a good thing to bring forward in the next workshop. He agrees with a lot of what's in this budget that we received already, but he'll wait for more questions to be answered.

MAYOR WOOD asked if tomorrow we fired every single employee in the City except the City Manager, would we still owe money?

CITY MANAGER WEISS responded yes. Your PERS obligations for current and past employees would continue.

MAYOR WOOD brought up a few meetings back that we should go back to the old policy of 2 Aides: one for the Mayor and one for the Council. That didn't fly, but that was the old way of doing things. He's been a Councilmember and a Mayor and the Mayor's office requires a lot more assistance. It's not about the money in these positions. He didn't get into this job for money. He got into it hoping the City would be better for all to live in.

If we don't do some things to get money, we're going to be back here in July making more cuts. We can't do 5% across the board pay cuts because of meet and confer labor negotiations.

He asked the Fire Chief if his association offered to give \$1,000,000 back to the City.

DARRYL HEBERT, Fire Chief, is not sure of the exact dollar figure, but they were in negotiations and talking about paying their own PERS at some point.

COUNCILMEMBER KERN stated we are going to get an increase in revenue when we get the hotels built. We have 2 hotels coming on line hopefully in the next 24 months. That should alleviate some of this problem. The TOT on those, even without an increase, will be quite a bit.

There were some suggestions made at the department directors meeting of March 15th. One of them is to create an RV storage lot and impound yard at the auto auction. There's a chance for revenue without taxes. That's what he's looking for. We can place cell towers at City parks and rights-of-way to generate rent revenue from cell services. If we can put new signage on City property, we get the revenue from the signs, which can be quite significant. There are ways to raise revenues without raising the burden on the taxpayers, and we need to explore those before we go back to the taxpayers and try to squeeze more out of them. We have the ability to raise money to do that.

He spends as much time here at City Hall as everyone else. This morning he met with 6 PhD's from National University to figure out how to bring more jobs and innovation to the 76 corridor. He has this project going forward and a few ideas. He thinks he has National University on board to fund the infrastructure of that. He's been working to create more jobs. Once we have more jobs, we have more revenue. He doesn't just sit around doing nothing. He read this budget and had questions, so he sent them to the City Manager. He doesn't think it's fair to the taxpayers to make a decision in just a week. We have time to take this in a deliberative process and move forward.

He would be willing to sit here until midnight to hash out all 14 questions he submitted to the City Manager, if that's what people want. He just thought it would be more convenient for the City Manager to get the answers to the questions and we can move on from there. Right now we have some fairly good ideas of where to go and we'll have to come back. What's our deadline to vote on a budget?

CITY MANAGER WEISS responded you have to vote on the budget in June, but we actually have to prepare the detailed budget. There is a possibility when staff comes to Council in June that we will not have a detailed budget and will have to have a program-level budget because the detail will not be available.

COUNCILMEMBER KERN asked if we have until the end of May to come up with a detailed budget.

CITY MANAGER WEISS responded it's going to take a good amount of time to put in the actual details. At this point, we're going to be okay, but we may not present to Council a line-item budget in your back-up material. It may just be a program-based budget.

COUNCILMEMBER KERN is learning how to read a line-item budget, which is not very user friendly. He hopes there is enough direction given that we can move on and come back in 3 weeks to sit down and discuss the budget. Once his questions are answered, we can come up with some budget solution at that time.

COUNCILMEMBER FELIEN agrees with what the Mayor is saying about this being the most important vote we make to pass a budget and it's contentious on some points. The bulk of the budget is where we're going to go. Out of a \$112,000,000 budget, we're probably fiddling over a \$1,000,000 give or take. This is the first meeting in a process. Last year we had 3 meetings, and the public got to give their input as part of that process.

Regarding CalPERS, if we eliminated every City employee except the City Manager and the City Attorney, would the CalPERS bubble continue to grow or would it stay flat.

CITY MANAGER WEISS doesn't have a specific answer. Part of the overall calculation is based on the overall payroll, so the accrued liability for current and future employees would continue, as CalPERS makes 1.1% or 20% depending on who's talking, that liability has a potential to still grow. However, over time it will reduce because you no longer have the increasing liability with employees.

COUNCILMEMBER FELIEN stated exactly, and every year that liability increases for employees we have on the payroll. It increases at a larger rate than it would from the private sector. At some point, we get to put a stop to the growth. You have to pay off what you've already incurred for the salaries that have already taken place. The idea that you're locked in place forever and that there are no savings from outsourcing because you have the past liability, doesn't eliminate the fact that outsourcing reduces the future liability. That's where we're at. Once again we need honest math from the dais.

To address the Fire contract, he'll refer to the plan that was talked about in the newspaper. The proposal that was put forward would keep in place the 9% pension spiking EMPS and the mandatory minimum level staffing. It would also keep in place, among other provisions, overtime for being on vacation. He's never going to approve a contract that pays overtime for being on vacation. He has yet to meet a taxpayer who thinks we should pay overtime for being on vacation. This was the provision that was in the contract last time, and if he has his way, it's going to be removed. This is the kind of waste of our taxpayer dollars that needs to be brought under control. Hopefully that will take place with the new MOU. For those who aren't aware of this provision, it says that vacation, holiday and sick time will be counted as hours worked for computing overtime. That adds huge costs to our budget. Every taxpayer in this City is going to want that provision eliminated, and he will be fighting for the taxpayers to get rid of those kind of totally unjustifiable provisions.

ASSISTANT CITY CLERK TROBAUGH clarified the motion and second on the floor is to accept the City Manager recommendations for the General Fund as presented.

Motion failed 2-3, Feller, Kern and Felien – no.

2. **Public Communications on City Council Matters (Off-Agenda Items)**

JOAN BRUBAKER, 1606 Hackamore Road, realizes the Fire Department is a bone of contention with certain Councilmembers. In the negotiations earlier this year, an offer of \$2,000,000 was made, and it was not even considered. You can say it didn't happen, but it's true.

In addition, two programs from the Fire Department to bring in revenue were cancelled by the present Councilmembers. Part of the problem could be related to the Council itself.

As far as what has been agreed to in previous contracts, she has no knowledge of that; however, many of the conditions that you're lamenting were agreed to before you came on board. Maybe some of that \$2,000,000 that was offered was to try and offset that. People were worried about future obligations for retirement if you granted

that. But you need to take an offer that's made and at least talk about it and consider it.

MIKE CROGHAN, 4522 Coronado Drive, is a homeowner in Oceanside. If the Fire Department in town is gutted, then he's going to pay more in hazard insurance. ISO is a national formula on which hazard insurance is calculated, and the better ISO a town has, the less hazard insurance that homeowners have to pay. Please keep that in mind as you consider public protection.

He will happily pay more tax money to support Fire and Police protection in this town.

TERRY JOHNSON, Former Mayor of Oceanside, was reflecting back on things done in the past, having served on the Council for 12 years. Back in 2001, we had a deliberate and intense discussion about pensions and salaries. We were cautioned by the City Manager, City Attorney and Human Resources Director at that time that if Oceanside were the first to go the route of increased benefits, like 3% at age 50, we would need to seriously consider where we were going and that soon down the road we may not be able to sustain what we were about to support. The rest is history. A strong message was sent back to the bargaining units that we would support it at that time, but in the future we may not be able to do so. He cannot speak for today's Council, but the Council at that time and up until he left the Council, were made aware that we were going into unchartered areas and the City may not be able to continue to sustain the increased salaries, pensions and benefits that we approved in 2001.

SUZANNA RAY, 200 North El Camino Real, was very educated by Councilmember Kern's video that was shown at the last meeting. The solution that other cities have had to do in order to pay this unsustainable obligation, we have not addressed that. The only way she understands that you can get out from under that is to declare bankruptcy. It is not a lovely thing to think about, but we need to look at it very honestly. Our obligations are going to continue to grow, and they will probably outgrow any prosperity or short gap that comes upon us. She would endorse the filing of bankruptcy.

JIM JENKINS, 1420 Calle Marbella, stated you don't have to be a PhD to have great ideas. There are some incredible people in our own City who live here and know what's going on. They're willing to sit down and talk any time.

The harbor is your number one tourist attraction in the City. Why can't we utilize it more effectively to gain revenue? We could do something like the Midway in San Diego. He's talked to people about bringing in a ship. Something that would be recognized here with the military base. It could become a big tourist attraction. We also have open docks that aren't being utilized and tall ships that are looking for home ports. They're a great educational tool for children as well.

We no longer have the Harbor Patrol because they've been absorbed by the Oceanside Police Department. There are administrative and maintenance personnel being absorbed into Public Works. The money is supposedly in the Harbor, but is it being absorbed into the General Fund? They're supposed to be a separate enterprise. There are a lot of questions regarding this.

Don't keep thinking that the boat owners are the cash cow in the Harbor. We need to use the attraction of it as the cash cow for the City. The boat owners bring something for people to see and create activities. There's a better way to make some revenue down there.

March 21, 2012

Council Workshop Minutes

ADJOURNMENT:

MAYOR WOOD adjourned this meeting to Wednesday, March 28, 2012, at 2:00 PM. This adjourned meeting of the Oceanside City Council was adjourned at 5:47 PM, Wednesday, March 21, 2012.

ACCEPTED BY COUNCIL:

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

MARCH 28, 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
Jack Feller

Councilmembers
HDB Directors
CDC Commissioners
OPFA Directors
Esther Sanchez
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 Deputy Mayor Feller at 2:00 PM, March 28, 2012.

2:00 PM - ROLL CALL

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

Present were Deputy Mayor Feller and Councilmembers Sanchez, Kern and Felien. Mayor Wood was absent – in Japan visiting Oceanside’s sister city. 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 1B), 2A), 2B) and 3. [Item 1A) was not heard]

[Closed Session and recess were held from 2:01 PM to 4:0__ 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) AND PUBLIC EMPLOYEE APPOINTMENT, PUBLIC EMPLOYMENT, PERSONNEL EVALUATION AND DISCIPLINE (SECTION 54957(b))**

A) CONFERENCE WITH LABOR NEGOTIATOR (Section 54957.6) – Negotiator: City Manager; employee organizations: Oceanside Police Officers’ Association (OPOA), Oceanside Firefighters’ Association (OFA), Oceanside Police Management Association (OPMA), Management Employees of the City of Oceanside (MECO), Oceanside City Employees’ Association (OCEA), Oceanside Fire Management Association (OFMA), Western Council of Engineers (WCE), and Unrepresented]

No closed session held

B) PUBLIC EMPLOYEE PERSONNEL EVALUATION (Section 54957(b))
1. City Attorney
2. City Manager

Item discussed; no reportable action

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

A) Property: 4.86 gross acres at northeast corner of Oceanside Boulevard and Rancho del Oro Drive (portion of APN 162-082-45); Negotiating Parties: City of Oceanside and Olson Real Estate Group, Inc.; Negotiator for the City: Douglas Eddow, Real Estate Manager; Under Negotiations: price and terms for the sale of real property

Item discussed; no reportable action;

B) 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

Item discussed; no reportable action

City Manager Weiss and Councilmember Felien recused themselves from the following item (Closed Session Item 3):

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

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (SECTION 54956.9(a))
The Villages of RDO v. City of Oceanside, Superior Court Case No. 37-2011-00055586-

CU-MC-NC

Item discussed; no reportable action;

4:00 PM – ROLL CALL

DEPUTY MAYOR FELLER reconvened the meeting at 4:0__ PM. Present were Deputy Mayor Feller and Councilmembers Sanchez, Kern and Felien. Mayor Wood was absent. Also present were Assistant City Clerk Trobaugh, City Manager Weiss and City Attorney Mullen.

CLOSED SESSION REPORT

14. Closed Session report by City Attorney

JIMMY KNOTT, 127 Sherri Lane, knows that Council discussed the City Manager's review in Closed Session today. Part of the City Manager's salary is paid out of the ratepayer's funds. It is 20% of his salary, which equals \$44,669 plus benefits. That works out to be 2½ months of his time that's supposed to be spent on water and sewer issues. The City Manager also does a lot of work for other departments that are listed beyond those few departments that are there. Yet, they don't contribute to his salary. He requested that every department contribute to the City Manager's salary for the amount of time he spends working for that department. He would like to see the accounting for the time he spends working for the water and sewer department. The other departments need to pay for their fair share.

CITY MANAGER WEISS stated what Mr. Knott passed out is correct in regards to a specific allocation of his time. We have similar allocations for a number of different employees. As Mr. Knott requested, all of the departments then share in those costs. The portion that is allocated specifically to the office of the City Manager, along with all of the costs of the City Clerk's office, City Treasurer's office, City Council office, part of Finance and all of the support departments, are then reallocated through internal service charges over all of the other departments. All of the departments, with the exception of those where he spends more specific time, do receive a prorated cost allocation of not only his time, but the Attorney's time as well as the Clerk, Treasurer, etc. What Mr. Knott is requesting, our internal service funds already do attribute that. Approximately 37% of his time is split among all of the other departments within the City.

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

CONSENT CALENDAR ITEMS [Items 4 and 5]

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

COUNCILMEMBER SANCHEZ asked to have Item 5 pulled for a staff presentation.

The following Consent Calendar items were submitted for approval:

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 the Consent Calendar for discussion – Council**

DEPUTY MAYOR SANCHEZ moved approval of the balance of the Consent

Calendar [Item 4].

COUNCILMEMBER FELIEN seconded the motion.

Motion was approved 4-0, Wood – absent.

Items removed from Consent Calendar for discussion

5. **City Council: City Council: Approval of a ten-year Property Use Agreement with Verizon Wireless (VAW), LLC, doing business as Verizon Wireless, for the use of a portion of City-owned real property located at 3471 Cannon Road for telecommunications purposes, with revenue to the City in the amount of \$360,183.21 for the ten-year period plus a one-time payment of \$25,000; approval to appropriate the \$25,000 to the Information Systems operating account; and authorization for the City Manager to execute the agreement**

DOUG EDDOW, Real Estate Manager, stated staff is recommending approval of a Property Use Agreement with Verizon to locate a telecommunications facility at San Francisco, which is currently utilized by the Water Utilities Department as a water facility, as well as a telecommunication facility with our Information Technology (IT) Department. It's a standard Property Use Agreement, and the term is 10 years. The rental payment is \$30,000 per year, with a fixed 4% inflator for the balance of the term to bring it up to \$360,181. In addition, Verizon is going to pay a \$25,000 one-time fee, which will assist in providing a licensed radio frequency for the IT telecommunication facility there, so there will be no interference with that facility to the Verizon telecommunications facility.

COUNCILMEMBER SANCHEZ stated this is a site that's already being used for telecommunications, right? This is a City-owned property where we also have some Utilities Department activity, is that correct?

MR. EDDOW responded that is correct; it is currently being used that way.

COUNCILMEMBER SANCHEZ stated this is for a 10-year contract, plus two 5-year extensions. In the first 10 years the funds anticipated to be generated are \$360,000, right?

MR. EDDOW responded that is correct.

COUNCILMEMBER SANCHEZ saw that the exhibits included proposed drawings of what they might look like. Is there going to be some kind of design review?

MR. EDDOW responded yes. This is just for the use of the property. The applicant also has to get a Conditional Use Permit (CUP).

CITY MANAGER WEISS stated the Planning Commission did hear the application, and it is being appealed to Council. That will include all of the background studies as well.

MR. EDDOW stated that's a different facility. That one is the use of San Francisco Peak by AT&T and this is the Verizon facility. It hasn't been heard by the Planning Commission.

COUNCILMEMBER SANCHEZ stated they're both in the same place, right?

MR. EDDOW responded correct.

COUNCILMEMBER SANCHEZ noticed that AT&T will be removing a tree and some other things. She'd feel more comfortable if we were doing this altogether so she'd have a sense of what the concerns are by the community. It appears that there are no requests to speak on this, is that right?

ASSISTANT CITY CLERK TROBAUGH responded that's correct.

COUNCILMEMBER SANCHEZ didn't actually see the height of this because it's not discussing it, but what is the tentative proposal at this point.

MR. EDDOW responded that is being handled through the Planning process. He deals just with the right to use the property.

COUNCILMEMBER SANCHEZ thinks it looked really high and like it had huge metal bulbs. It didn't look like it was going to meld into the surroundings. There is a lot of landscaping out there, and it looked kind of imposing. Is the Planning Commission going to be able to look at that?

MR. EDDOW responded affirmatively. The Planning Commission will look at the aesthetics.

COUNCILMEMBER SANCHEZ understands that IT is already there. It's nice to have \$360,000 a year into the General Fund, but her concerns have to do with what it's going to look like and how the community feels about it. This is Ocean Hills, which is a community that feels very strongly about its character and appearance. She wants to make sure the community has a chance to review this.

The report indicates that the money is actually going to go into the General Fund, but the Telecom Account. Why is that? This is City-owned property, right?

MR. EDDOW responded a portion of it is going to the Telecom Account to help pay for the licensed radio frequency. The balance of it will go into the General Fund.

COUNCILMEMBER SANCHEZ stated it says that balance will be going into the General Fund Telecom Account. She understands the \$25,000, which is kind of a signing bonus, is going to help defray some of the costs for IT in terms of going to a different frequency or having to do with making our frequency better, but why is this going to the General Fund Telecom Account?

MR. EDDOW responded it's going into the General Fund, but there's a separate subcategory to track telecommunication funds. It still all goes to the General Fund.

COUNCILMEMBER SANCHEZ asked if it's just the origin of the funds.

CITY MANAGER WEISS responded that's correct. It's like property taxes; we list them separately depending on the source. Although this is a General Fund revenue, we do track the revenues we receive from these uses and make sure that they are coming in per prediction. We do have a separate revenue account that this gets deposited into, but it is a General Fund account.

COUNCILMEMBER SANCHEZ asked if this is to help you track where these funds are coming from.

CITY MANAGER WEISS responded correct. Last time it was a question about red light cameras. Any revenues we get go to the General Fund, but it's tracked separately so we can make sure the money is coming in per prediction.

COUNCILMEMBER SANCHEZ would feel more comfortable with having the entire thing before her and not only the land. She would like to see the proposal for a

20-year land lease along with what it's going to look like. Since we already have a telecommunications project there and we're already looking to getting them all sited in one place, we can review that later.

CITY ATTORNEY MULLEN stated there is a provision in the Property Use Agreement that provides if the permits are not granted for the use of the facility, then the agreement will be terminated.

COUNCILMEMBER KERN thinks it's part of our policy to co-locate as many of these on one property as possible, so that's why the AT&T site and the Verizon site are being put on San Francisco Peak. Obviously it's the height because we have a water tower there. It uses the natural advantages of the topography to locate there. He understands that there is some concern about what the tower is going to look like, but he doubts it's going to detract from the view of the water tower. That's the dominant feature there.

He **moved** approval [of a ten-year Property Use Agreement [**Document No. 12-D0174-1**] with Verizon Wireless (VAW), LLC, doing business as Verizon Wireless, for the use of a portion of City-owned real property located at 3471 Cannon Road for telecommunications purposes, with revenue to the City in the amount of \$360,183.21 for the ten-year period plus a one-time payment of \$25,000; approval to appropriate the \$25,000 to the Information Systems operating account; and authorization for the City Manager to execute the agreement].

COUNCILMEMBER FELIEN **seconded** the motion.

Motion was approved 3-0, Sanchez – abstained, Wood – absent.

CITY MANAGER ITEM

19. **City Council: Report regarding Chamber of Commerce plans for the City's 125th Anniversary**

DAVID NYDEGGER, President and CEO of the Oceanside Chamber of Commerce, stated the City was founded on July 3, 1888, which means on July 3, 2013, we will be celebrating our 125th birthday. We felt it appropriate that we have a pretty exciting event that year. We've had several scoping meetings with a lot of organizations to make that year the best we possibly can and promote the City, specifically our cultural, education and business community, as well as all of the other wonderful things we have in the City.

We're planning a magazine that will be coming out promoting all of the events happening in the year 2013. We've contacted the Oceanside Historical Society, MainStreet Oceanside, the Museum of Art, Surf Museum, Mission San Luis Rey, Tri-City Hospital, the Harbor, school districts and others. Our goal is to have a great year. We do a lot of things during the year like the Museum Ball and the Heritage Ball, and we're making those events all aware of the 125th anniversary. Rather than having one big bang, we will have lots of bangs throughout the year that incorporate the beauty, culture and outstanding attributes of Oceanside. He showed the logo for the anniversary.

We understand that there are not a lot of public funds available for this, and it is not his goal to ask for money. We're asking the community to come forward if they have some ideas or something they'd like to contribute.

COUNCILMEMBER KERN asked what the first big event is.

MR. NYDEGGER doesn't know.

CHRISTY HAWTHORNE stated we have so many things planned. We're hoping to coordinate with the public library for a history program, doing an overview of 125 years in photographs or maybe a new history book. We'd like to team with the Oceanside Harbor, which is not only going to celebrate with us, but also has their 60-year anniversary. We have the Mission San Luis Rey doing a gala and the Oceanside Museum of Art. We have a small committee of interested parties, and we're going to have a schedule of events for the community. There's going to be something for everyone. It's a great way for all kids, visitors and residents to be involved and jump on board to celebrate Oceanside.

MR. NYDEGGER hopes to work with the Oceanside Unified School District to have the kids involved and with the Museum of Art for possible artist rendering posters for the community. We have lots of ideas. There's a lot to get done in the future.

COUNCILMEMBER SANCHEZ stated we do have a budget shortfall so we won't be able to contribute. We'll do whatever we can to help raise funds outside of the General Fund.

MR. NYDEGGER thinks the community will get behind us too.

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.

8. **City Council: Approval of Amendment 2 to the Statement of Understanding and Utilities Contract between the City of Oceanside and Camp Pendleton for interim capacity in the City of Oceanside's Ocean Outfall, extending the term of the SOU from October 31, 2011, to October 31, 2013; and authorization for the City Manager to execute the amendment**

CARI DALE, Water Utilities Director, introduced Colonel Beau Helman to do a presentation and speak about Camp Pendleton. He's also going to be talking a little bit about the amendments for your consideration this evening.

COLONEL BEAU HELMAN, Facilities Director for Camp Pendleton, stated we have a recapitalization program that has put about \$4,000,000,000 into the Base in the past 6 years. He showed a film highlighting some of the training and sport facilities, as well as homes and barracks.

About 50,000 Marines live aboard the Base. The Base itself supports between 80,000 to 100,000 personnel from active duty to family members, civilian workers, government employees and contract employees. It's a big base, and everybody looks at it and says we have more than enough land. Realistically, we just turned a couple of agricultural fields into training areas because we only have 74% of the training space that we require to train Marines aboard Camp Pendleton. A lot of people don't understand that. When you drive the 17 miles of coastline, you think there's more than enough space.

He manages over 3,000 structures. We have 1/3 of the Marine Corps family housing on Camp Pendleton.

We appreciate the City's cooperation in 1999 of granting us some access to the outfall and continuing to extend that agreement back in 2008. Today we're here to talk to Council about the extension of the 2 option years. He lives in Oceanside, like about 75% of our Base. We only provide housing for 25% of our population.

We have 4 wastewater plants. When we started in 1943 for about the first 10 years we had 16 sewage treatment plants. We brought those down and spent about

\$400,000,000 improving our facilities over the past two decades. We put a lot of time, effort and thought into best designing these facilities and updating them. We also have a military construction project where we're going to spend about \$142,000,000 in building a northern region tertiary treatment plant and take 2 of those older sewage treatment plants down. We're always in the process of modernizing our facilities aboard the Base.

Regarding the southern region tertiary treatment plant, we were tasked a couple of years ago by our commanding General at the time to take a look at how we best utilize the 2 million gallons of reclaimed water that goes outside of your outfall every day. We've been looking aboard the Base at how best we could utilize that. We thought the agricultural fields might be an answer, but when those went away, we lost the capability. We talked to Cari Dale about the possibility of partnering with Oceanside. What are Oceanside's needs for reclaimed water and how might we be able to work a project? We're still going to go aboard the Base and look at all of the different areas where we can put reclaimed water. His engineers and architects are looking into that, too.

As far as the southern tertiary treatment plant and what it puts out, we're only using about 1/3 or 300,000 gallons of water a day aboard the Base, but we want to increase that. We're looking at the housing area and talking to our public/private partners about using more reclaimed water. Our bachelor enlisted quarters, using dual piping. The whole focus is how we reduce the amount going out the City's outfall. That's our end goal. We'd like to have not even a drop of water. He can't promise that, but we're looking into the potential of how best to use that water.

A computer graphic was used to show some of the areas they are looking at, including the potential project in Oceanside.

We're Oceanside's neighbors. We've been neighbors since 1943 when we established Camp Pendleton. We live in your neighborhoods, attend your schools, use your parks and services, shop in your shopping centers, etc. We took a look back at 2008, and Camp Pendleton probably put about \$6,000,000,000 into the local economy, from Riverside to San Diego. There are a lot of Marines and sailors buying homes and merchandise. It's a good partnership.

Regarding the outfall usage, he would ask that we take a look at potential long-term. We don't want to be on the outfall for decades and decades. That's not our goal. Our goal is to come off the outfall. He's asking to extend this to 2013. We'll work closely with staff and look aboard the Base. We may potentially need to extend that a little bit longer. We've asked language to be put in the Statement of Understanding that we potentially get some more time on the outfall. He doesn't see 2013 as a complete end date for that.

Back in February, we supported the City in your Phase II reclamation projects. His Office of Water Resources Director is involved with North County in the potential use of reclaimed water for North County. We're here to stay, and we're here to help. We do have a product that potentially the City could use and we could use aboard the Base.

He appreciated Council giving him the opportunity to speak tonight. If you'd like to come aboard the Base, we love to have visitors. We'll get you aboard the recycling bus. We try to recycle as much as possible for the Base. We've been able to buy a couple of buses wrapped in recycling logos and we take people on tours to give them a better feel of what Camp Pendleton is all about. He asked for Council's support in approving the extension to October of 2013.

COUNCILMEMBER KERN took the tour right after those facilities were completed and at that time they said 2012 was the last year it would be needed. Now we're coming back in 2013 and asking for an extension of time. What changed in the

plans? Was there something that got delayed?

COLONEL HELMAN responded one of the things he tried to highlight in the presentation was the possibilities for reclaimed water aboard the Base. Before we converted some of the old tomato fields, Singh & Sons and the field to the north, there potentially could have been use for the water there. Now that those are training areas, we're not irrigating it with reclaimed water, so we couldn't utilize that. That's a change in the plans for the Base. The focus for us is not to stay on the outfall forever. We want to be able to come off of that.

We're also right now, with the San Diego County Water Authority, looking at the feasibility of a desalination plant. Unfortunately, that may be another 8 years or so. We haven't even gone through the process of getting in front of the Commanding General to brief him and say this is a possibility. Maybe we could utilize an outfall utilizing the desal. That's something we're going to have to take a look at.

COUNCILMEMBER KERN has been following that project and thinks with the amount of water you have, he's more of a fan of indirect audible reuse and desal because it's much cheaper and actually uses all of the water we have coming down. The Base does a good job of recharging the Santa Margarita River. That's more of a potential than desal. Desal has some environmental and placement issues, as well as capturing the water. Posieden has the offshore wells now. He would like to see direct potable reuse, but that's kind of a public relations problem.

To connect to our outfall, there's a pipeline that comes down off the Base, down Tremont Street, all the way to La Salina. A couple of years ago that pipeline was hit by a construction project. Is that pipeline Camp Pendleton's or the City's?

MS. DALE responded there are several pipelines that run through the City. One of them is the Camp Pendleton pipeline; there's one from Fallbrook; and there's our own land outfall. But in the downtown area it would probably be the Camp Pendleton pipeline.

COUNCILMEMBER KERN stated it goes down underneath the Holiday Inn. If it breaks, who fixes it?

COLONEL HELMER responded if it's a Camp Pendleton pipeline, then Camp Pendleton would take care of that.

BILL IKE, Deputy Public Works, Camp Pendleton, stated when the pipeline was initially built, Camp Pendleton paid for the construction and repaving of the road and conveyed the line to Oceanside at the time. It now belongs to Oceanside, so Oceanside would be responsible for fixing it if anything happened to it. We do pay, as part of the SOU, an operations and maintenance fee on a monthly basis to help out with that. But right now, Oceanside is responsible to fix it.

COUNCILMEMBER KERN asked if we have any capacity left in the outfall now.

MS. DALE responded it's something that we're actively looking at, especially as we plan to put in our own desalination facility. We're planning for the discharge of the brine from that, but at this point we do have capacity for Camp Pendleton to continue.

COUNCILMEMBER KERN moved approval [of Amendment 2 (**Document No. 12-D0178-1**) to the Statement of Understanding and Utilities Contract between the City of Oceanside and Camp Pendleton for interim capacity in the City of Oceanside's Ocean Outfall, extending the term of the SOU from October 31, 2011, to October 31, 2013; and authorization for the City Manager to execute the amendment].

COUNCILMEMBER SANCHEZ seconded the motion. She asked if there is an

anticipated date for how long we would have the capacity to partner with Camp Pendleton until our own needs require us to review this.

MS. DALE doesn't have an answer at this time. The large project that we have that we know of is the desal facility, which would take a large amount of the capacity. We've been talking with Camp Pendleton, and that's the reason why we're exploring the reclaimed use of their effluent.

COUNCILMEMBER SANCHEZ noted in the staff report there were indications that there were some changes, including language, such as defining the allowable discharge as tertiary treated water instead of secondary treated water. How long has it been tertiary?

MR. IKE responded we were secondary treated when we first constructed the outfall, and that was part of the issue with the violations that we're trying to get out from under. When the new plant came on line in 2006, was when we were tertiary treated.

COUNCILMEMBER SANCHEZ loves partnerships and knows that Camp Pendleton, among the bases, has been a leader in recycling. She congratulated them on that. She's sure that there are other possibilities for recycling partnerships. Camp Pendleton has been able to recycle a whole lot. One of the things that everyone is looking at, and is the most difficult, is food recycling. Is that something that Camp Pendleton is looking at some time in the near future, and is that a potential partnership for us?

DEPUTY MAYOR FELLER stated we're straying from the item. He's sure that our staff and Councilmember Sanchez can talk about that.

COUNCILMEMBER SANCHEZ stated Ms. Dale is sitting right there and she'd like to try and get this on the record.

COLONEL HELMER responded we can sit down and discuss it.

COUNCILMEMBER SANCHEZ asked if that was something they were looking at.

COLONEL HELMER responded on the food side, working with Charles Bradshaw, there hasn't been a lot of discussion about the food. It's more the commodities: the cardboards, plastics, metals, etc. He can get back to Council on that. He'll have to ask a couple of the experts.

MR. IKE stated we were looking at recycling the oil from processed foods and fried foods. We had a small pilot project that didn't go so well using that oil for energy productions and things. Other than wet waste for food products and stuff, we haven't really looked into that. We've looked at waste of trash in a big scheme of things, taking out landfills and burning it for energy. The payback analysis on that for the product in our landfills doesn't really pay off well, so right now we don't have any definite things.

COUNCILMEMBER FELIEN stated Oceanside has always been proud to be a military town and we want to be as cooperative as we can. He toured the sewer facilities that the outflow goes through. It was mentioned in our plans that we would not be processing Camp Pendleton's contribution at some point. If we extend the agreement, does that change our plans or do we need to have larger facilities or upgrade if we are going to extend this agreement for a lengthy period of time?

MS. DALE responded the extension for the time period in front of Council today does not change any of our plans for any of our facilities.

DEPUTY MAYOR FELLER stated it's always great to have Camp Pendleton come in and present to us because they're always professional and right on. He's excited to support this because sooner or later we're going to figure out that not everything has to go back in the ocean. It gets there already fast enough through rivers.

Motion was approved 4-0, Wood – absent.

Changes to the agenda

ASSISTANT CITY CLERK TROBAUGH announced that Public Hearing Item No. 16 is being continued to April 4th, and Public Hearing Item No. 17 is continued to April 18th. These 2 items will not be heard tonight.

[Recess was held from 4:56 PM to 5:07 PM]

5:00 – ROLL CALL

Deputy Mayor Feller reconvened the meeting at 5:07 PM. Mayor Wood was absent.

INVOCATION – John Lundblad

PLEDGE OF ALLEGIANCE – Danah & Deborah Morris

PROCLAMATIONS AND PRESENTATIONS –

Presentation – Employee Service Awards

<u>20 year award</u>	<u>Department</u>	<u>Hire Date</u>
William Kogerman	Fire	10/27/1991
<u>25 year award</u>	<u>Department</u>	<u>Hire Date</u>
Sheri Cosby	Library	10/19/1986
Gabriel Jimenez	Police	12/28/1986
Forrest Langford	Police	03/22/1987
Douglas Morris	Planning	12/16/1986

Presentations were made

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

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

SHIELA KADAH, 5301 Village Drive, stated a monopoly is exclusive of a commodity or service in a particular market for a control that makes possible the manipulation of prices. That is what would happen if the Council majority got rid of the senior citizens and the veterans in the mobile home parks. They would create a monopoly. She believes that should be illegal. Any person who has a position of power, such as a Councilmember, shouldn't be able to create a monopoly or do anything like this. She begged the City to vote no on decontrol. If you don't believe that decontrol creates a monopoly, you can see her friend's mobile home that she was forced to get out of and is now renting for \$1,100 per month. She couldn't sell it and had to get out. It's not fair what is happening all over the State, and we should not have this happen. She urged a no vote on decontrol.

MAYOR AND/OR COUNCILMEMBER ITEMS

18. **Request by Council Member Kern to adopt a resolution of support for AB 1455 (Harkey), the High Speed Rail Lemon Law, and direct staff to communicate this action to our California State Legislature**

COUNCILMEMBER KERN brought this forward because we have to send a signal to the State to stop wasting our money. They're going to waste probably \$100,000,000,000 on this high speed rail that goes nowhere. We're going to have to end up paying for this high speed rail. If they sell the bonds, we're going to have to pay them back just when we're short of money.

He introduced Bill Brough, Diane Harkey's Chief of Staff and a Councilmember in Dana Point.

BILL BROUGH, Assemblywoman Diane Harkey's Chief of Staff, stated she is the author of AB 1455, the High Speed Rail Lemon Law. Councilmember Kern summed it up. The State is broke, and we can't pay for what we have now. To think that we can fund a high speed rail project that is over \$100,000,000,000 is ridiculous. The voters were deceived in 2008. They were sold a project that would be no more than \$9,000,000,000 of State money. When they rolled out the plan last year, it was \$100,000,000,000 of track in the central valley that's not connected to anything. We don't even think they can access the bond at this point, given the business plan. We're asking you to stand up for the taxpayers of California. We've got structural debt, 11.5% unemployment and we can't pay for the services the State's obligated to do now. We certainly can't afford a shiny new train. He asked Council to support AB 1455.

Public input

JIMMY KNOTT, 127 Sherri Lane, has done some research into this, and he supports the high speed rail because there's a lot of misinformation going around. The American Public Transportation Association has an 88-page document that refutes this misinformation. They give direct responses and counter-points to every item that has been brought up. That was released in January of 2012. The State legislative analyst, who is mandated independent by State law, has said for every dollar spent, there will be a result of \$1.42 from State and local tax revenue. In other words, \$6,000,000,000 spent will result in \$8,520,000,000 that will help our local economy. That's a good investment. The only problem with this is that many conservatives don't like this because it would be a successful government program. Many nations have high speed rails systems. Ours doesn't. We are woefully negligent in this area. Private capital has not come forth. We have to do it ourselves. We need to go forward. The conservatives cannot come up with an alternative. They want to oppose and get rid of things without having an alternative.

COUNCILMEMBER FELIEN stated when he was in college, the research project he had to do was dealing with rapid transit systems and whether or not they paid for themselves. Many developed countries have high-speed rail, but not one of those projects pays for themselves, and they certainly don't cover the capital expenditures. They all have massive government subsidies, and he doesn't believe any of them even cover the daily operating costs. Not only are you subsidizing the building of the project, you're committing to never-ending subsidies for the operating costs. That's why our current California high speed rail project is floundering to an untimely death, because the honest math is finally coming out. The political math that got it elected made it through election time, but now the real math is being done and it's not going to pencil out.

As alluded to, the business plan that was required by the bond shows that no private capital is going to support the project precisely because the math doesn't work

out. That's the true test of whether or not you have a feasible project or not, whether or not private investors are willing to put their own money on the line and whether or not they're willing to take the risk of a loss versus the opportunity for a profit. They've all turned thumbs down on the high speed rail project. With California currently having a third-world bond rating for our debt, this isn't the time to add even more debt for a project that doesn't have any realistic opportunity to recover its costs.

He supports Councilmember Kern's motion to get rid of this and supports Diane Harkey's law to put an end to it. It's interesting that Assemblywoman Harkey's background was in investment banking and doing analysis of these very kinds of projects for their feasibility. She's crunched the numbers, and they smell bad to her. He trusts her judgment, and our Council should stand up and say we're tired of Sacramento wasting our money. When they waste money, they come to cities and take our money, and then they take taxpayer's money. It's time to stop the nonsense and get back to some common sense in Sacramento. We can start by getting rid of high speed rail.

COUNCILMEMBER SANCHEZ stated AB 1455 is actually addressing legislation that was passed by the people of California and was not something that was a Sacramento-created problem. What she's wondering about is, if things have changed so much, and she understands that they have, then why doesn't it go back to the people with as many facts as possible so the people can rescind this. If they passed it, they should rescind it. She has some concerns. This passed in 2008 with at least 55% of the vote, and she believes 2008 had a high voter turn-out. It's too late to get it on the 2012 ballot, but she would prefer to get it on the ballot as soon as possible so that the people who voted for this, if there is in fact new information, can decide. To blame it on Sacramento is not the fair thing to do. Whatever happened in terms of misjudging what the project would really be, like the costs and the benefits, should go back to the people to let them decide.

She doesn't like the way it's being presented as certain people in Sacramento doing a horrible thing. There was a time for the facts to come out in 2008, and if things have changed since then, the people of California should have the right to get that information and review their decision.

MR. BROUGH responded the Howard Jarvis Taxpayer's Association won a lawsuit that said the proposition in 2008 was marketing language, and the voters were sold a marketing proposition. The gist of the proposition, which was very detailed, was \$9,000,000,000 in State money, \$9,000,000,000 in federal money and private money.

COUNCILMEMBER SANCHEZ stated she didn't ask a question.

DEPUTY MAYOR FELLER is asking for his response.

MR. BROUGH stated it's already been decided by the courts that in 2008 the voters were sold marketing language. The main reason this has come up is that the federal government has \$3,500,000,000 in stimulus money that Florida rejected. Everyone has big eyes in California because they're going to get \$3,500,000,000 in stimulus and they want to find something to do with it. The California High Speed Rail Authority went way beyond Proposition 1A, which said it would be \$20,000,000,000 from San Diego to San Francisco in 4.5 hours at \$55 per ticket with no operating subsidy and private investment. Now it is between \$98,000,000,000 and \$117,000,000,000 for 120 miles of track in the Central Valley that is not connected to anything and not electrified. It's our contention that they can't access the bond, even if they wanted to.

With regard to what the gentleman commented earlier, it's not a conservative/liberal issue. Assemblywoman Harkey has said publicly that she supports the concept of high speed rail. This plan is not doable in the State's financial climate. We're not alone. The Legislative Analyst's office said they advised the Legislature not to

issue the bonds. The State Auditor, a democrat, has said it's a risky plan. The California High Speed Rail Authority's own peer review group asked the Legislature not to issue the bonds for this plan. They've already spent about \$500,000,000 on consultants and plans, and there are other avenues to stop this. Senator La Malfa has a ballot initiative to put it back on the ballot. He's gathering signatures. What Assemblywoman Harkey wanted to do was just say stop the bleeding. You've spent \$500,000,000 studying this, and the plan's not doable. She has a bill and is asking for Council's support.

COUNCILMEMBER SANCHEZ heard that this lawsuit was successful in 2008 and now it's 2012. She doesn't know why we didn't just turn around, get the signatures and get it back on the ballot. With all due respect to everyone, the people of California deserve the right to review this with all of the information. There are some laws that she didn't agree with, but she doesn't try to change what 55% of the people said. She can't talk to 55% of the people. Something went wrong that 4 years later all of this money has been spent on consultants. She doesn't get that. She's not getting the whole story, and she had hoped that we would have some back-up material. She will be abstaining.

It's interesting that Councilmember Kern, who is constantly saying we should not take a position and is usually the one abstaining, is bringing forward something when it's contrary to his policy to do so. She is abstaining for a valid reason. This is not legislation that was passed by Sacramento where they should hear from cities. This is legislation that was passed by the people of California, so it's a much different posture here. She questions the policy change and position of Councilmember Kern. She would prefer to hear from the people.

COUNCILMEMBER KERN is glad Councilmember Sanchez is willing to support something that passed by 55% of the voters, since that's the same as our Charter passed by. That was the will of the people.

Regarding the comments by Mr. Knott, this is not moving forward; it's moving backward. This is 18th century technology that we're trying to deal with here. It's not going to be high speed. In order to get support for those cities in the Central Valley, they promised them stops, so it will never get up to full speed. It will stop every 30 to 40 miles because they need the support from those cities in order to put the rail line in. It's a traditional rail line.

Councilmember Felien touched on this. We are the center in California for venture capital. We have more venture capitalists in California than any other state or any place in the nation. Not one person from the private sector stepped forward to put any money into this because they see the numbers just do not work.

Lastly, Mr. Knott asked what the government's alternative is for the high speed rail. We do not need a government alternative. We have Southwest Airlines. He can get from San Diego to San Francisco in an hour, not 4.5 hours, and it's going to be cheaper than what's its going to cost on the rail. Nobody is going to ride the rail; they will take Southwest Airlines. The idea that we need a government solution to everything is not true. Private parties will come in. If there's a real need for a lot of people to get from San Diego to San Francisco, the private sector will fill that need. He's taken the train from Stockton to Bakersfield, then the bus over the pass, and then the train from Los Angeles to Oceanside. Across the Central Valley it goes pretty quick. It probably gets up to 60-80 MPH now, so the existing rail line to the Central Valley doesn't need a high speed rail because you can actually get from Stockton to Bakersfield in a couple of hours.

He asked for Council's support on a resolution that we will send to our State legislature.

COUNCILMEMBER KERN moved to [adopt a **Resolution No. 12-R0179-1**, "to adopt a resolution of support for AB 1455 (Harkey), the High Speed Rail Lemon Law, and direct staff to communicate this action to our California State Legislature".]

COUNCILMEMBER FELIEN seconded the motion.

Approved 3-0, Sanchez – abstained, Wood – absent.

GENERAL ITEMS – Continued

6. **City Council/CDC: (1) Adoption of a resolution to dissolve the Redevelopment Advisory Committee, (2) adoption of a resolution to create the Downtown Advisory Committee to provide policy and technical consultation and advice to the CDC and staff on issues affecting the Downtown Project Area, and (3) approval of the associated bylaws**

KATHY BRANN, Redevelopment Manager, stated this item is the dissolution of the Redevelopment Advisory Committee (RAC) and the recommendation of a new commission that would be the Downtown Advisory Committee. Although the Redevelopment Agency, as of February 1, 2012, is no longer in existence and has been dissolved, the Redevelopment Project Area is still a legally defined area and has its own distinct zoning and other ordinances and regulations associated with that legally defined area. Therefore, the way our City Code is now, the Community Development Commission (CDC) acts as the Planning Commission for items that need their entitlements or any kind of approval.

In lieu of having items go directly to the CDC, we're recommending that there is an interim group very similar to the Redevelopment Advisory Committee. We're looking at structuring it slightly differently with different members that make up this committee. The proposal is to have a member from the community at large, a Chamber of Commerce representative, MainStreet Oceanside representative, an owner/occupant in the Downtown Project Area, a business owner in Oceanside and a member from the Planning Commission.

Once the Council approves this action tonight, the City Clerk will post a notice in the newspaper inviting people to apply for these positions. Then it would go through the normal process where the Mayor would do the appointments and the Council would agree on those. Hopefully we would schedule the first meeting relatively soon after that.

DEPUTY MAYOR FELLER asked how many projects in the last 3 years the RAC has been a part of. Is there really a need for the committee if they're generally coming to the Council anyway?

MS. BRANN responded everything has slowed down in the last couple of years. There is no doubt about that. Ironically, in the last couple of months, we're getting a lot more phone calls, questions and applications in the downtown area, and some are fairly significant. For example, Belevadere has resubmitted, and we understand that Hyatt Place is resubmitting. Those are the kind of projects that we prefer not to take directly to Council because they're usually higher profile projects. If it was a small 2-10 unit project, it probably wouldn't matter. On higher profile projects, it's better to have a commission/committee where we can vet a lot of the issues before it comes to Council, so you don't end up with a very long discussion about a project.

Public input

RICK WRIGHT, Executive Director for MainStreet Oceanside, 701 Mission Avenue, served on the RAC for some years. In fact, when we had the last meeting of the RAC, we received plaques for our service, and he was surprised to see he had been serving on the RAC since 1998. Through those years the RAC had an incredible amount of positive input on projects. There were many cases where we received projects, and the projects were sent back and retooled before they ever came to the CDC. He would like to see that process continue.

Councilmembers Sanchez, Felien and Feller all served as liaisons to the RAC and saw us in action. It was a pretty good and serious committee. Ms. Brann has taken the basic make-up of the RAC and moved it over to the Downtown Advisory Committee (DAC). That make-up has been tweaked through the years and honed down to the basic group we had before all of these other events came down. He would hope Council would support staff's recommendation and create the new DAC.

HOWARD LA GRANGE, 2575 Jason Court, is supportive of establishing a new committee to provide information to the Oversight Committee. He would also suggest that the composition be somewhat different than what's initially proposed. He's like to see someone from a tourism standpoint on the committee and also someone from the Economic Development Commission (EDC). The EDC has been very active in a lot of activities in the downtown area, and tourism is so important for us. It's great to have a broad group of people making recommendations, but those 2 segments of our City would also be important to have represented on the committee.

Public input concluded

COUNCILMEMBER SANCHEZ likes the idea of having tourism and the EDC represented. We need to have an advisory committee made up of citizens and business representatives who work in Oceanside and see what's going on and have ideas about how to get to the next level. She appreciates the make-up this has. One of the organizations that should be included in this is OCNA (Oceanside Coastal Neighborhood Association). They've been around for about 12 years, and they could be in lieu of the community at large, or along with.

You do have one criteria that talks about qualifications rather than being from a representative group. For example, it calls for at least one member qualified in the real estate profession, such as architecture, real estate development, real estate, land use law, commercial real estate sales, etc. She doesn't know if that could just be generally that you try to get one person who has those qualifications from these different representative groups. When we talked about Redevelopment way back when, she read that there was a reaching out to an established community organization and there really wasn't one at the time. Now there is, and OCNA has been around for several years. It looks to be one that will continue.

She doesn't know if staff thinks the most appropriate way of getting that representation is either changing out the community at large or taking out the 7th category.

MS. BRANN responded the original intent was to have at least one of the 5 be representative in some kind of professional capacity, like an engineer, architect, planner, etc. There is no limit technically, so if we wanted to add additional members. Instead of axing one of them, we could add one.

COUNCILMEMBER SANCHEZ stated yes, that would make it 7. You have 5 groups and the at-large citizen. If we had the 7th one be from OCNA, that then gives us MainStreet, Chamber of Commerce, owner/occupant within the Downtown Project Area, business owners within the City and Oceanside Planning Commissioner. Those are kind of specific groups. You could add a category saying at least one member shall be a representative of OCNA, which is an established neighborhood-based organization

servicing the area.

MS. BRANN responded we could look at that if it's the desire of Council.

COUNCILMEMBER SANCHEZ stated there was a question brought up about the EDC and tourism. Do you see a way of adding this to it and still keeping it at 7, or is that something that would add to the members? EDC does have some of this criteria, so there is an overlap of criteria from EDC. We heard a suggestion to make someone from the EDC a part of this. Do you see that as something that might be helpful?

MS. BRANN thinks it would. There are some people on the EDC that do have some of these qualifications, unless you want to specify that they're specifically from the EDC. We could recognize that maybe they get preference when they apply through the Mayor's office. We can work within the confines of whatever Council desires.

COUNCILMEMBER SANCHEZ would **move** for approval with the amendment that one of the members shall be a representative of OCNA. Is that what staff would prefer, to have someone from the EDC as well?

MS. BRANN responded not necessarily. She can't remember what the by-laws say about the make-up of the EDC members, but there are some categories that those people could qualify under. Maybe what you'd want to do is change the representative residential owner/occupant in the Downtown Project Area to Citywide. That way, any neighborhood person could apply for the OCNA position.

COUNCILMEMBER SANCHEZ wanted it to be related to the development area. She recalls reading when we first established the RAC that there was an actual criteria for if there was a community organization that was within the Project Area, that it be included. OCNA is within the Project Area.

MS. BRANN stated OCNA is just outside the Project Area. After Seagaze is beyond the Project Area.

COUNCILMEMBER SANCHEZ stated OCNA is west of Interstate 5. Her understanding of OCNA over the years is that they've been inclusive and have tried to get a position on the RAC at one time. Now that we're starting a new group, she'd like to include someone from OCNA. They are organized, have meetings and can actually talk about the proposed or existing projects. Whereas, an at-large may not have anything set up and would probably have a lot more trouble getting other people involved in the process. OCNA is a recognized organization that could meet once a month, bring this information forward and get input from the residents to bring back to this group. That's the whole idea, to be efficient about how information gets to this committee and then that committee comes to Council.

In terms of EDC and tourism, is that additional criteria we can add here so you can try to include that as one of the 7?

MS. BRANN responded Council might want to consider having someone from VO (Visit Oceanside) as a member. Because there are 7 now, we want to make sure we stay within that number. She would look at eliminating another one so we don't end up with 8 or 9. 7 is a good number, especially if people don't show up because you can usually still get a quorum. You would want to either tweak the language or make a change.

CITY MANAGER WEISS stated without hearing from your colleagues, he's hearing that we have a Chamber member, MainStreet, Planning Commissioner, potentially OCNA, EDC Commissioner and possibly someone from VO. That leaves you one. You could just have those groups appoint someone and have one person appointed at-large.

CITY ATTORNEY MULLEN stated the by-laws are set up so that the appointments to this commission are subject to Section 2.1.64 of the City Code and the Mayor makes those appointments, subject to the Council's confirmation. The group would not be supplying the member; it would be the Mayor's decision.

COUNCILMEMBER SANCHEZ understands that. She thinks the Chamber of Commerce recommends to the Harbor & Beaches Advisory Committee, and then the Mayor brings forward that appointment. That's how that is done as she understands it, and that's how this will be done. MainStreet Oceanside would be recommending one of their members, and then the Mayor would then bring that name forward.

She **moved** approval [of adoption of **Resolution No. 12-R0175-3**, "...approving the dissolution of the Redevelopment Advisory Committee for the Downtown Redevelopment Project Area as of February 1, 2012", adoption of **Resolution No. 12-R0176-3**, "...creating a Downtown Advisory Committee for the Downtown Project Area and approving the bylaws (**Document No. 12-D0177-3**) for said committee", with the change that a member shall be from OCNA. She'll let staff figure out how to get representation on there to include the tourism and EDC.

Motion died for lack of a second.

COUNCILMEMBER KERN agrees in essence with part of what Councilmember Sanchez said. There's a part he's still not clear on, which is who does what. He doesn't want this to be an unwieldy type of committee with us not knowing what the members are doing and what their jobs are. He likes the EDC because they're all specific jobs and everybody brings something to the table. He'd like to stay close to this in that respect. The Chamber of Commerce member is very important, and they will recommend somebody to the Mayor for appointment. MainStreet Oceanside and the Planning Commission are the same way.

His understanding is instead of the Downtown Project Area, you want to expand it to that or OCNA. Is that correct?

COUNCILMEMBER SANCHEZ responded no.

COUNCILMEMBER KERN asked then what do you want.

COUNCILMEMBER SANCHEZ responded OCNA feels like they represent and are involved with the Downtown Project Area. Because they are an organization, like these others are, perhaps substituting for the community at-large person and just say a representative from OCNA.

COUNCILMEMBER KERN stated the difference is that the person that was on there for the Downtown Project Area before lives in the Project Area, and they're committed to redevelopment because that's where they live. OCNA is involved, but somebody who lives in that area is really committed to that.

COUNCILMEMBER SANCHEZ asked what about the community at-large.

COUNCILMEMBER KERN responded that would be fine. If you want to replace the community at-large to narrow it to somebody that lives west of Interstate 5 (I-5), that would be fine. OCNA is west of I-5 so that would be fine.

COUNCILMEMBER SANCHEZ stated then it would be one member from OCNA instead of community at-large.

COUNCILMEMBER KERN responded yes. The change would be instead of one community member at-large, it would be somebody that lives west of I-5.

COUNCILMEMBER SANCHEZ stated no. These are groups and there is a reason for that. It helps get information out in force.

COUNCILMEMBER KERN stated you said they are all-inclusive and want to include everybody west of I-5.

COUNCILMEMBER SANCHEZ responded no, she's saying OCNA. That is a very specific group, and you're leaving them out if you say "west of I-5". She'd rather just leave it as community at-large in that case.

COUNCILMEMBER KERN responded okay. We'll leave it at that one then.

COUNCILMEMBER SANCHEZ thinks it's incorrect to not include a neighborhood-based organization that is involved in the Project Area. That is a failing.

COUNCILMEMBER KERN stated but they're not in the Project Area; they are south of the Project Area. There are definite lines on the map of what's in and what's out. He understands OCNA's involvement, but he would really want that owner/occupant from the Downtown Project Area involved. That's really critical because they're going to have to live with those decisions.

Regarding EDC, he's torn on that one. The RAC worked very well. He wouldn't mind the EDC involved. If EDC wants to make a recommendation or even have EDC monitor the process, which is a public process, that would be good.

Regarding Deputy Mayor Feller's question about whether this is needed at all, he emphasized that we put a sunset clause on this of 2 years. At the end of 2 years, the Council can re-authorize it. Because we have 2 years, the Oversight Committee can wind up Redevelopment. We have an Oversight Committee member here observing this tonight.

He'll listen to his colleagues and we can try to boil it down to a cogent motion.

COUNCILMEMBER FELIEN asked if this commission is meant to substitute for the Planning Commission and be a planning commission for the Redevelopment Agency, why doesn't it have the same appointment process as the regular Planning Commission?

CITY ATTORNEY MULLEN responded this group would not serve as the planning commission for projects within the Project Area. The CDC, by City Code, serves as the Planning Commission. This would be an advisory body, similar to the RAC, that would see it before it goes to the CDC, serving both as the Planning Commission and the Commission. There would be one entity that sees the project before it comes before Council.

DEPUTY MAYOR FELLER asked the City Attorney to explain the rules about serving on more than one committee, if there is any effect on this regarding our committees/commissions.

ASSISTANT CITY CLERK TROBAUGH responded there is a Council policy that says a person may only serve on one board or commission at one time. If it is a specified representative from a commission, that commission usually determines who they want to be that member. Otherwise, for filling out an application, you can only be on one commission at a time.

COUNCILMEMBER FELIEN asked if staff is committed to only having 7 members. He likes the idea of having someone from tourism's perspective. Having been liaison to the EDC, he was impressed with how the commission worked and the caliber of people on it. They would make a wonderful contribution to this organization. If we

added those two and expanded the commission to 9, is that workable or does it just get too unwieldy at that number?

MS. BRANN responded we don't have any preference as far as the size goes. A smaller number is usually more manageable, but people are busy so often we have members that don't show up. Sometimes a larger commission/committee is better because then you can get a quorum. All of these points are valid points.

Even after 2 years, the zoning is not going away; it will be in place in perpetuity unless we change our zoning documents. This group would not only oversee some of the things that would be going to the Oversight Board, but they would also be doing all of the entitlements, so all of the projects also in the downtown.

There are a lot of good recommendations here, and staff is looking for Council to give us guidance.

COUNCILMEMBER FELIEN attended the last meeting of the OCNA, and they're a good group. As the current structure is, there are 2 opportunities for one of their members to be on the board. One is the at-large membership, and the other would be if one of their members is a resident within the Project Area. Those are 2 opportunities for the Mayor to factor in membership in terms of commitment to the community, involvement and whether or not they're worthy to be appointed to this advisory board. The tourism and EDC are a good idea. He'd be open to expanding the number if that would solve our problem here. Having been involved in numerous committees, you're very rarely going to get everyone in the same room at the same time, so the quorum requirements need to be realistic in terms of the number of people to get business done. People are going to come based on the issues that affect them the most. He suggested going from 7 to 9 members to solve some of our problems.

He **moved** to accept the staff recommendation as-is with the exception of expanding the advisory committee to be 9 members, with one member to have a background in tourism and another to be appointed from the EDC.

COUNCILMEMBER KERN seconded the motion. He'd like to have a sunset clause in there. The City Attorney pointed out a 2- or 3-year term. 3 years would be fine. After that, we will have a really clear idea of what this committee will do. At that point we can reconstitute it as however many it needs to be. Then Council can determine what the ongoing job of this particular committee will be.

COUNCILMEMBER FELIEN further moved that the committee will have an expiration date of 3 years, to then be reapproved by the City Council.

COUNCILMEMBER KERN as the **second concurred**.

ASSISTANT CITY CLERK TROBAUGH clarified the motion is to accept the recommendation as-is, adding 2 members to make it a 9-member committee with one member having experience in tourism and one member from the EDC and a 3-year sunset clause.

COUNCILMEMBER SANCHEZ will vote no because she doesn't think there's enough community involvement in this, and that's the problem. You could have people who are not living in Oceanside, are not organized, and don't talk to anybody, not even the neighbors. Whereas, you've got an organization with OCNA that's right here and meets once a month. They would be of great assistance to this advisory group and to Council. With this motion basically leaving out the community, she can't support it.

COUNCILMEMBER FELIEN thinks Councilmember Sanchez brings up a valid point regarding the residency. Is it a requirement of this type of committee and its predecessor that the members live within the City?

MS. BRANN responded no. Historically, it wasn't, but it depended on the position. A few of our boards and commissions might have members that do not live in the City.

COUNCILMEMBER FELIEN asked if that would address some of the concerns of his colleague if the people who are appointed under the special categories actually resided within the City.

DEPUTY MAYOR FELLER would support adding that to the motion.

COUNCILMEMBER FELIEN further amended his motion to include the requirement that all members appointed to the committee be residents of the City of Oceanside.

ASSISTANT CITY CLERK TROBAUGH asked if with the change to both the resolution and the by-laws, do these need to be brought back?

CITY ATTORNEY MULLEN assumes that the motion gives staff the authority to make the changes to the by-laws and resolution that correspond to the direction you've just given. That way we don't have to come back.

COUNCILMEMBER FELIEN so moved, and the **second concurred** with the changes.

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

7. **City Council: Approval of staff recommendations for the future expenditures of the remaining Downtown Capital Improvement Funds**

KATHY BRANN, Redevelopment Manager, stated this item is related to the unencumbered Redevelopment Bond Funds that we currently have, which are approximately \$11,000,000. We had 5 different projects that staff had hoped to pursue over the next several years using both the existing bond funds and we had hoped to be able to issue future bond funds to help do all of the projects listed in the staff report. The projects were: the waterfront restroom projects, 5 restrooms at the beach; Mission Avenue improvements; the Lot 26 new parking structure, which is in the west side of tracks; a parking structure on the east side of the tracks, Lot 23, which was envisioned to be potentially mixed-use and has to have a certain level of retail and potentially office; and the Amphitheater beach improvement project.

Clearly we don't have enough money, with the \$11,000,000, to do all of those projects, so at this point staff is looking at, for the remaining funds, what is the best benefit to the downtown and also meets the law. AB 26, did have some language that discussed bond proceeds. The language basically stated that bond proceeds shall be used for the purposes for which the bonds were sold, unless the purpose can no longer be achieved. They refer to those definitions. We went back and looked at the actual language in our bonds that we issued, and that language does specify that the commission anticipates using these bond proceeds to undertake projects in the area, including but not limited to, increasing public parking supply within the Project Area, including the possible construction of a new parking structure; streetscape improvements, including landscaping, sidewalks, enhanced crosswalks, construction and rehabilitation of an infrastructure; and the acquisition of property.

Staff felt that the 2 projects that we would like to recommend Council go forward with would be the Mission Avenue Improvement Project, Phase I, which would be from Clementine down to Coast Highway; and pursuing the mixed-use parking structure on Lot 23 on the east side of the tracks, to better benefit the downtown to provide for that parking. As we know, Citimark is going forward with their Spring Hill Suites project,

which, once it's underway, frees up all the rest of those 7 blocks. In essence, they could go forward and start building on more of the lots in the downtown. Many of those are surface parking, and not all of those spaces, in particular the ones on the east side of the tracks, are slated to be replaced. The ones on the west are, but not the ones on the east. That's why staff had these 2 recommendations.

Staff recommends going forward with the Mission Avenue improvements projects. We are going to continue to pursue additional funding sources, such as SANDAG and Caltrans funds, to help subsidize that. If we're successful with some of those grants, that would free up additional money. Then we're looking at going forward with the preliminary design entitlement and construction for Lot 23, which would be the other parking structure.

DEPUTY MAYOR FELLER asked if there is an urgency in these dollars.

MS. BRANN responded yes there is. They are bond funds that we've been trying to spend for a number of years. We have some fairly good arguments for why we have not been able to spend the funds. For example, Lot 23 has an issue with the parking structure. Because that block is part of the 9-block Master Plan, the next project that comes out of the ground had to be a hotel project. The beach resort has been stalled for a couple of years. Luckily, we've got the Citimark hotel going forward. That shakes loose those other lots, including Lot 23, so we can go forward with that. We've been talking about building a parking structure on that block for 10 years. We did a parking analysis in 2002, and that was one of the recommendations. There is definitely an urgency now that the development parcel is freed up; we would like to actively pursue that.

Public input

JOHN DALEY, 631 South Coast Highway, is here to talk about the money. He's been involved in the Redevelopment project for a long time and has some opinions. Ms. Brann said something important, she said "not limited to", so it didn't require they spend it on just parking structures and infrastructure. They can spend them on other things.

We've ignored Mission Avenue the entire time we've done Redevelopment. We've done Coast Highway with trees, sidewalks, traffic signals, etc. Mission Avenue has been ignored from the beginning. It is the entrance to downtown. That's where people access downtown. The first project you should do is the Mission Avenue project that's been proposed. Not just the first portion of it, but the second portion as well. The crime would be to put part of it in and not come up with the funds for the next 5-10 years to complete it. It needs to be completed.

He's not a huge believer in the parking lot being the next thing to do. The parking lot is going to be necessary someday, but any parking lot that we build should have units on the top of it that we sell or lease. We should also be building the 2 floors underneath the property also. It's too valuable to use the property in the first 10 or 12 blocks east of the ocean to build structures up in the air. We already have a parking structure by the transit district, which is unfortunately there forever and it's 3 stories tall. We need to have subterranean parking with a ground level use so the building is not just a parking structure, and we need to sell the air space. That will come when the market comes back. That public/private partnership will come in a number of years, especially when Citimark builds more of their projects.

After Mission Avenue, he would suggest we build the bathrooms along the beach. They have been in poor condition for the last 25 years. There is no excuse for that. We draw hundreds of thousands of people to our beaches every year, and we are embarrassed by the facilities we provide for them. For a small amount of money, we can make those better. Then we can use public/private partnerships on these other projects, such as parking, which we will need. But we should not pay for that all

ourselves, and we should be very stringent on how it gets done.

JIM SCHRODER, 4020 Wooster Drive, Chairman of the Economic Development Commission, conducted an informal poll of its commissioners via the internet asking how they would spend the \$11,000,000 balance of the bond. The results were overwhelming: the beach restrooms, which they feel is pretty well shovel-ready; the Mission Avenue improvement with the plans that are in the process of being drawn and semi-drawn; and the beach-front amphitheater. The benefits would be image and brand of Oceanside. The change in the physical appearance could have a profound effect on the overall feeling of the community, greater opportunity to attract revenue-paying events, overall sense of pride for the community, and a sense of being different from the other communities surrounding us. We also agree that we would support the building of a garage only with an office component on Lot 23. It would have to have a daytime population to support the downtown businesses.

JIMMY KNOTT, 127 Sherri Lane, thinks the number one project are the beach restrooms because our main source of income lately has been tourism. We have to look at need versus want. Who brings in the funds? If we fix up the restrooms, we need to make sure there is some form of public safety security system.

He agrees that the second priority should be Mission Avenue. It's been on the table for years so let's move ahead on some of it. It's our way to invite people to the beach and other areas in the City.

PAMELA MYERS, 910 North Pacific Street, stated there are 2 things to decide here. One is which parking lot to go with, and the other is Mission Avenue versus the bathrooms.

According to what she read, there is a proposed parking lot just east of the railroad tracks and one on the west side, and there will be 120 more parking spaces in the parking structure proposed on the west side versus the east side. That's significant. What she read was that if you went with the one on the east side, people could only use it at night and on weekends. If that's true, she doesn't agree with that. We need a parking lot that everyone can use. She proposed to go with the parking lot on the west side that has more parking spots.

Regarding the bathrooms and Mission Avenue, the bathrooms need replacing. They are somewhere between 30 and 90 years old. They're horrible and need replacing. We met for 5 years at RAC meetings begging for bathrooms, and they were approved. Now you're trying to decide where this money goes. This money was already allocated for these bathrooms, so what happened? She was doing some internet research and found that there was over \$3,000,000 allocated for the waterfront bathrooms. That should be there.

Mission Avenue right now looks pretty good. The main difference here is need. We need new bathrooms. She read a statement that was written by Rick Wright that MainStreet gets more complaints about restrooms than anything else at the beach. She urged Council to please give us these bathrooms. We need them, we want them and we've been waiting forever for them.

LESLEE GAUL, Visit Oceanside, is speaking on behalf of the tourism industry. We feel the priorities for the Redevelopment funds should be used for the beach restrooms and the Mission Avenue project. These 2 projects will have the biggest impact on our visitors and locals alike, generating more tax dollars to the community. They will dramatically improve the appearance and services of the beach and downtown area. We currently have major events in this area, such as the Ironman. The amphitheater and beach areas provide an important source of revenue for hosting events like these. We need to create a positive image where people want to spend their time and money. Instinctively, people want to live and play in places that are beautiful,

clean and safe. Businesses want to invest in areas that are attractive and appear successful. In addition, it makes sense financially to move forward on Mission Avenue and the beach restrooms. Money has already been invested in these projects, and they are shovel-ready.

We believe that someday there will be a need for a mixed-use parking garage, but until that day comes, we're putting the cart before the horse. It may be years before we see a mixed-use parking garage realized. In the meantime, visitors and locals can enjoy nicer beach amenities and a walkable downtown community, spending their money.

JOAN BRUBAKER, 1606 Hackamore Road, looked over the staff reports on the particular amount of monies that you have. Her choices were made by need, which are the restrooms. They need a lot of help. The restrooms were her number one choice and Mission Avenue was her second choice. A lot of study, meetings, work and even some design work have gone into it. Council ought to move ahead on that because apparently you have the funds. Her fourth choice was Lot 23 because apparently that is going to be a revenue-producing area as well as another parking area. She recommended not overspending in anticipation of making money. In view of the economy and how things are looking, keep within budget.

RICK WRIGHT, Executive Director of MainStreet Oceanside, 701 Mission Avenue, stated we had great hopes for what we were going to accomplish in the last few years of Redevelopment, and then it was snatched away from us. The good news is that we have \$11,000,000. The bad news is that we have \$20,000,000 worth of projects that we had our hearts set on. His job through the years has been to push some of these projects through and support them.

MainStreet Oceanside puts the Mission Avenue improvements at number one. We have worked so hard on this project. We've put a lot of effort into getting consensus from property owners and business owners. That was demonstrated at the workshop where we approved the Mission Avenue Improvement Project. For Mainstreet, if we don't get anything else done with Redevelopment funds, the Mission Avenue improvements would be our number one project.

Then it comes down to a math problem. You have \$2,100,000 for Mission Avenue improvements, Phase I, which takes us down to Coast Highway. Then you have the remainder of the \$11,000,000. If you throw in the restrooms for \$2,200,000, you have \$6,700,000 left. The staff report is silent on administrative costs, but he assumes there are those costs coming out of that \$11,000,000. So you're going to have around \$6,000,000 left, which is not going to allow you to do either one of the parking structure projects. Because we feel the parking is so important, we cannot minimize the idea of those 2 surface lots going away that Citimark owns – the parking lot across from the movie theater and Harni Sushi and then the parking lot across from Dairy Queen. We don't own that, and it could go away at any time. Bearing that in mind, we feel that a parking structure would be your second priority, and we would recommend Lot 23. We love the mixed-use aspect and the office use, the daytime population that eats in the restaurants. We need more of a daytime population. We could probably dig down on that one and create visitor parking during the day as well as the night.

CHRIS WILSON, 770 Harbor Cliff Way, stated the bathrooms need to be a priority. The bathrooms at the beach are bad enough to be a deterrent for anybody who visits Oceanside to return. There are sanitation issues. He avoids those bathrooms at all costs. That needs to be a priority for these funds.

Public input concluded

COUNCILMEMBER KERN stated everybody wants Mission Avenue done. That will be one of the projects he would recommend to go forward. He understands the

bathrooms, but we don't have to rush on those. We're only going to have this one opportunity with this much money to do something because Redevelopment is going away. If we look 15 years out, what do we really need? That would be the parking structure on Lot 23 with the commercial component. We can work the bathrooms into the CIP budget to do 1 or 2 over a 3-5-year period. Is that a possibility to be able to work a bathroom into the CIP budget every couple of years?

CITY MANAGER WEISS responded yes. Keep in mind, one of the issues has been, as we've now gotten feedback on the Harbor restroom, we do have restrooms that are on the beach where we could simply replace the roof to get light and air in, but there are at least 2 that would need to be completely rebuilt. The difficulty is going to be that you've been planning on using Redevelopment money to do the restrooms, and now we would have to accumulate that either through development impact fees, through the parks program or some other one-time sources of money.

COUNCILMEMBER KERN stated we do have a one-time source possibly coming up that would make that possible. Also, since they're parks, we could apply for park grants or the Coastal Conservancy to apply for grants to do the restrooms, too. When we look long-term, what do we want 15 years from now? We're going to need that parking structure. This is our one opportunity to build it. We can do the restrooms piecemeal. We take the worst ones and do those within the next couple of years. At the end of the 15-year period we will not only have our parking structure, but we will have the rebuilt restrooms. Some are easy fixes and some are going to need to be torn down and rebuilt.

If we get SANDAG funds for Mission Avenue, then we can divert some of that Redevelopment money off Mission Avenue to the restrooms.

He **moved** to adopt staff's recommendation for the expenditures for the remaining downtown capital improvements and to do the Mission Avenue improvements and Lot 23 with a commercial component. We'll get more bang for the buck out of that, and we can fix the rest as we go along.

COUNCILMEMBER FELIEN **seconded** the motion for discussion. When we look at the success of the Gaslamp District in San Diego, they've managed to successfully put together 3 components where they have residents living downtown, employees going downtown and tourists coming downtown. In Oceanside, we've done a good job and are moving forward on projects to get the tourists. We've certainly had successful projects for getting the residents, but we're missing the employee component. Lot 23 has a lot of appeal, but do we have any interested takers at the moment? Are there people waiting to work with us on this or are we building the parking hoping someone is going to come in and finish the top floors?

MS. BRANN responded the original intent was that we were going to go out with a Request for Proposals (RFP) years ago and look at doing 200 or so public parking spaces, then try and get 50,000 – 100,000 square foot office, and try to entice someone to relocate their business office to downtown. Then the parking that would be serving the office component would be available for weekends and nights. So you'd have 200 public parking spaces, plus the office. As mentioned previously, the office would be a great addition to the downtown because it gives us that daytime population to serve the restaurants and downtown businesses. That's why we shifted gears and are looking into offices. At this point in time, we don't have anyone knocking on our door. We would have to go out and solicit to see if someone was interested in relocating to the downtown.

COUNCILMEMBER FELIEN noticed that we still have some excellent office space that's vacant over by Highway 78 and Jefferson, so he wouldn't want to go forward with a project like this that we didn't have occupancy for. An empty office building doesn't do anything for us. Is it possible, if we voted for this project, to build

the parking structure in a way that its ready to be built for the remaining part of it so we're not committed to a half-built project. Could it be functional right away with the parking alone and then be ready to build the office space if we get demand for that?

MS. BRANN responded logistically that could be a little bit difficult. There is a 45-foot height limit there, so no matter what we have a building envelope where we can't exceed probably 4 stories. We can go down 2 stories, but that gets costly as well. It would be better financially if you were to incorporate the office component and build it all at one time. To come back and try to add to an existing structure can be very costly and there are a lot of engineering and structural issues associated with that.

COUNCILMEMBER FELIEN asked if he votes for this tonight and you have the estimated cost of the parking portion at \$7,000,000 to \$8,000,000, who's coming forward to build the office building? Is the project going to wait until we find that person?

MS. BRANN responded we don't have any concrete drawings right now. These are all speculative numbers based on very crude concept drawings. If it's the desire of the Council to try and incorporate the office into that, then we would hire someone to take a look at how much added cost that could potentially be to add that office component.

COUNCILMEMBER FELIEN is concerned about the timing here. We need to commit the money to meet a deadline. We have a project that is appealing, but you're telling him we don't have anyone interested in it yet and it's cheaper to build it together. How are we going to guarantee we're going to meet our deadline if we don't have someone for the project lined up?

CITY MANAGER WEISS responded one of the requirements we also have is that there needs to be a portion that's retail oriented. The initial intent, if you approve that parking structure, would be that we would do a design-build contract that would include the mandatory retail. It wouldn't be built out, but there would be space allocated for it. For the time being, we do not have anyone looking for formal office on the hook. At this point, we probably would not be able to provide the office component, because unless you design it in at the beginning, you cannot add it afterwards.

COUNCILMEMBER FELIEN stated then this project is going to be parking and retail, not parking and office.

CITY MANAGER WEISS responded we did an RFP that included an office component. That was some time ago, but the subsidy was fairly significant in order to make it work.

Regarding Lot 26 versus Lot 23, **COUNCILMEMBER FELIEN** stated there seems to be a wide estimate - \$6,000,000 to \$7,000,000 - on what he thinks is a simpler engineering concept versus a much narrower \$7,000,000 to \$8,000,000 on a project that he would think is more complicated. What's causing the wide variance in the estimate for the parking only structure on Lot 26?

MS. BRANN responded the reason there is such a wide range is that it can only be strictly a parking structure. It can't be anything else because of the long and narrow shape of it. That property has a 30-foot height limit, but we could go down a level or two. We don't even have crude drawings of that particular lot. Again, we're trying to estimate what it potentially could cost, and that's why there's such a range. If we only go 2 or 3 levels up, and depending on if we go 2 levels down and want to allocate money toward that, we would want to maximize as many parking spaces as we could get with the limited money we have. We have to go through design concepts before we know where that number would land.

COUNCILMEMBER FELIEN stated the City Manager made a point that we are required to add the retail to move ahead in some manner.

CITY MANAGER WEISS responded that is on Lot 23, because it's within the 5-block Master Plan, not on Lot 26.

COUNCILMEMBER FELIEN clarified we're not required to provide retail per se, but only if we wanted to do something on this particular spot.

He's received a lot of emails on these issues, and there was a large contingent voicing votes for the restroom. The conditions of the restrooms do affect how often he goes down to the beach. Due to the brilliance of our staff, we may be able to have our cake and eat it too. The Mission Avenue improvement is showing as \$2,100,000, and we have a chance for SANDAG funding. Is that a dollar-for-dollar match or is that replacement dollars? How likely are we to get that?

SHAN BABICK, Associate Planner, responded it is a dollar-to-dollar match. We met with Christine Early at SANDAG, and they said to go for the whole amount. As far as getting approval of it, we have a really good chance. It would be part of Smart Growth, and it meets pretty much all of their criteria. We may not get the whole \$2,100,000, but we have a really good chance of at least getting partially funded.

Two years ago we applied for the funding, and the first 7 were funded. However, we were 8th for this same project. We feel much stronger now because we're much further along in the process than we were 2 years ago, which is also a factor.

COUNCILMEMBER FELIEN thinks, since we have a good shot at getting SANDAG funding to cover costs, we should move ahead with the Mission Avenue project. Councilmember Kern brought up an excellent point that the bathrooms can be built incrementally, so it's not an all or nothing proposition.

He is leaning more toward Lot 26, the parking-only component, because that is totally within our own control. We can design that, and it doesn't depend on what the retail or office market is. A component of getting employees downtown is critical, but it appears at this time we don't seem to have the demand for that in either office or retail space. Until the market improves and we know what the demand is, maybe we should hold off on Lot 23. If he was voting right now he would pick Mission Avenue and Lot 26, and he would commit to the public that any money we got to offset Mission Avenue and money we can use for the Capital Improvement Project would go to build the bathrooms as quickly as we can. He'd like to go the way of Lot 23, but he's just not seeing the demand to justify what we want to do at this time.

COUNCILMEMBER SANCHEZ stated we only have \$11,000,000 to start off, and we should do the waterfront restroom improvements. That's \$512,000, which is less than 1/20 of the funds and is the smallest project. There was a lot of public support for this. That's critical.

DEPUTY MAYOR FELLER clarified the estimate on the beach is \$2,200,000.

COUNCILMEMBER SANCHEZ stated the \$512,000 is to start the drawings. As to the balance, besides the restrooms, we should concentrate on getting businesses to Oceanside. That is what's going to get us to the next step. What's going to get businesses to come is if they don't have to worry about the parking. Every time a business is told they have to provide a certain number of parking spots, they don't know where. We have more people abandon the idea of a business in Oceanside because they can't make that work. She wondered about the huge range from \$6,000,000 to \$11,000,000. \$6,000,000 plus \$7,000,000 is \$13,000,000 and she would put it to us to come up with the difference. She would do the waterfront restroom improvements and the 2 parking structures. That's going to bring business to Oceanside.

In terms of the Mission Avenue improvements, see how we can somehow get that money. The real focus that we should have is getting businesses to downtown. We've got these plans that have been approved, and people who are talking about getting the funding and the approval for the loans. We need to get both of these parking lots in. The beach hotel has a huge requirement for parking. She knows we have to go through these extra steps now because of the change in Redevelopment and having to now deal with this other agency, but if we make it easier for these projects to go forward then perhaps they will happen faster. When they happen, we'll get people to come. People from the residential that is planned for downtown are going to be wanting to go somewhere. They're going to wonder what is there in Oceanside and why they should invest in these high end residences. We can make it easier for them to be here by dealing with their biggest issue, which is parking. Land is so expensive downtown.

The restroom improvements would be number one, then how to make these 2 lots work. Let's get it done. Then we can tell people to come here, and we can help them address the parking issues.

COUNCILMEMBER KERN stated his task is to convince Councilmember Felien that Lot 23 has advantages over Lot 26. Lot 23 is the best benefit for downtown. No matter when we build it, we're going to have to put the commercial component in. That's part of the Master Plan. We have no choice. Lot 23 actually serves the downtown better than Lot 26. We're only looking at this in terms of what we're doing, but what we have to also be aware of is what North County Transit District (NCTD) has planned for their lot there. A lot of office space is going to be put down on the NCTD lot. Some people think about office space here, but he thinks we just do the retail component and build the parking, and then NCTD will put in office space there. He thinks they're trying to entice Oceanside Unified School District to move down there. So, you will have a bigger daytime population.

COUNCILMEMBER FELIEN stated at the retreat, NCTD presented plans where they wanted to totally redo the transit area. They would have office space and a residential component, as well as redesigning the parking and things around there. That would be a huge improvement. They are trying to entice the school district to move their main headquarters down there, which would also create employees in the downtown area. It might be worth having them come here and make a presentation before Council as we're going to need to factor that into our plans.

His concern on Lot 23 is that we're going to build it, but are they going to come? He wants to get to the point where we have the employees down there because that is the last component that we're missing. We can address the bathroom issue with the savings that we're going to get from SANDAG offsetting some of our costs, as well as some of the things we have in the works that can provide some one-time funding. As he's doing the math, we have to pick one parking or the other. Even if we get everything at the lowest cost, \$6,000,000 plus \$7,000,000 is \$13,000,000, and we have \$11,000,000 to work with. It's one or the other.

On this he's going to defer to staff and ask if, based on their experience in the downtown area working with the businesses and the likelihood of getting our economic recovery for retail and office space, they believe that Lot 23 is a better project for our City than the parking-only component in Lot 26. Where is Lot 23 compared to Lot 26, and does Lot 23 serve the downtown better as Councilmember Kern suggested?

MS. BRANN responded Lot 23 is on Cleveland Street, between Civic Center and Pier View. It's across the street from Pier View Coffee. Therefore, if you were to build a parking structure on that lot, it would probably better serve the downtown. Lot 26 is west of the tracks. It's the lot immediately to the south of where the Springhill Suites are being built. That lot is also a good lot because it would provide parking for the

downtown and for our beach-goers.

It's a hard decision, but Lot 23 has been on the books for the past 10 years, so we know a lot about it. We've done some concept studies and have conceptual plans. We did several neighborhood meetings 7 years ago where we talked about doing a parking structure on that lot so the neighborhood is comfortable with it. We haven't done much in terms of outreach or concept plans on Lot 26, which is west of the tracks. If we know we're in a position where we would like to spend the money and do the project as quick as possible, she'd say Lot 23 is better suited for that.

CITY MANAGER WEISS stated Mr. Wright brought up a good point, and the question was asked if we build it will they come. They're already there. The issue is there are 2 surface lots. If you're looking to decide which parking structure to build, we currently have 2 surface lots on the east side of the railroad tracks that are on private property. He would hope that within 3 years those 2 surface lots are gone because they are privately owned. Once the hotel that Citimark is developing breaks ground, the hope would be that they would start following suit with development of the rest of their project, which eliminates the parking on those 2 surface lots. In the absence of having additional parking for the downtown, those cars are going to need to go somewhere. If they can't find parking downtown, they will not come downtown. Therein will be the problem. If you go down there on a Friday evening or Saturday, those lots are full. To eliminate that amount of parking would be a bit problematic for downtown merchants. If you're looking at what serves the downtown best, he thinks Lot 23 would. Is there a timeframe where those lots will be gone? We have not heard that Citimark is willing to terminate our lease with them. He thinks they'll be parking lots for the foreseeable future. However, within the next 3-5 years, if we're not in a position to find replacement parking for them, it could be problematic.

DEPUTY MAYOR FELLER stated John Daley brought up the second phase of Mission Avenue. What's the approximate cost on that?

MS. BRANN responded it was right around \$1,000,000. She doesn't have that figure on this staff report, but we would be applying for the SANDAG funds for the entire project. We're not going to just apply for Phase I. When we met with SANDAG, we indicated we have construction drawings, are ready to go on Phase I and are 60% there on Phase II. She said to apply for the entire cost of the entire project. That whole project is probably around \$3,200,000. That's what we would be applying for. If we got the grant for the entire Phase I and Phase II, then great. If we only got a portion of it, we could just go with Phase I.

DEPUTY MAYOR FELLER asked if it would be matching.

MS. BRANN responded no, there is no minimum matching number. So, potentially we could get the entire grant for the entire project. If that's the case, then it frees up funds to do the restrooms.

DEPUTY MAYOR FELLER asked the cost of the Bandshell.

MS. BRANN doesn't have those costs here. It's quite expensive because it depends on the extent of the improvements you want to do. If you're only focused on just doing the Bandshell, we had preliminary costs of around \$4,000,000. What happens is once you start doing one thing, you want to do more. In the waterfront improvement project several years ago, she thinks we had an estimated cost of that general area of around \$10,000,000. We don't even come close to trying to do that project right now.

DEPUTY MAYOR FELLER has often thought that Lot 26 would be a great place to connect across the tracks. What is the timing on the grant?

MS. BRANN responded they have pushed it back. The original deadline was April to submit your applications, but she believes they pushed that back to June now.

DEPUTY MAYOR FELLER asked if they would know in 6 months after that.

MS. BRANN responded yes.

DEPUTY MAYOR FELLER thinks that's pretty encouraging. With grants, that's a pretty strong sales point. We're not going to be ready for any bathroom repair this year, going in to next year. If that grant comes forward, we may be able to free that money up for almost immediate use. Is that reasonably correct?

MS. BRANN responded yes.

DEPUTY MAYOR FELLER asked if Water Utilities pays anything for the waterfront. There's a lift station that was mentioned in this, so is that part of the \$2,200,000, or does Water Utilities get involved.

MS. BRANN responded we have proposed improving the lift station. There is a sewer lift station in the beach restroom right by the Amphitheater. We had a change order and were ready to come to Council with that change order until the Redevelopment lawsuit was filed in August. Then we were told that we couldn't amend any existing contracts. The original intent was that we were going to do some upgrades to that sewer lift station; which she believes was built in 1930 and is in dire need of upgrade. The Redevelopment Agency had offered to upgrade that facility on behalf of the Water Department. They were not going to have to incur any costs because the upgrades were necessary due to the upsizing of the beach restrooms and causing it to go over capacity.

DEPUTY MAYOR FELLER wants to make sure that all this discussion around grant funding for Mission and all of the uses are covered in the urgency that you've already said is necessary. Are we operating under an appropriate time frame?

MS. BRANN responded the fact that we brought this item tonight and the reason we're trying to seek direction from Council is because no matter what we do from this point forward, this all needs to be presented to the Oversight Board. They have to approve any future dollars that are spent toward anything, even if it's bond funds. Ultimately, that needs to be sent to the State, and they have 3 days to determine whether they agree with the Oversight Board's approval or disapproval. That already factors in a timeframe. We want to try to start spending down these bond funds as quickly as possible. We're just trying to get that ball in motion.

COUNCILMEMBER KERN stated the motion was for Mission Avenue and Lot 23. The only thing he would add to his **motion** is what Councilmember Felien said that any other further funds that we get, we will apply toward the restrooms. He'd like that put into the motion itself.

COUNCILMEMBER FELIEN seconded the motion.

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

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.

16. [CDC: Adoption of a resolution approving the 2012-2013 Annual Public Housing Agency Plan, and authorization for the Community Development Commission Chairperson to submit the plans to the U.S. Department of Housing and Urban

Development with the inclusion of changes made to the PHA Plan as a result of public comments and execute all related documents]

Continued to 5:00 p.m. on Wednesday, April 4, 2012

17. [City Council: Consideration of a Local Coastal Program Amendment (LCPA11-00002) and Zone Amendment (ZA11-00004) to the City's Sign Ordinances including: repealing Article 33 Signs, of the 1986 Zoning Ordinance, modifying Article 33 of the 1992 Zoning Ordinance and establishing the amended text as part of the implementing document of the Local Coastal Program to: ensure regulation of signs in a constitutional manner, in accordance with case law that has developed since the approval of Article 33; update and/or clarify existing signage definitions, including but not limited to animated, billboard, digital display and electronic message signage; and distinguish applicable signage regulations on private and on City property, including the potential for approval of digital display (electronic message) signs and digital display (electronic message) billboards; and introduction of two ordinances and adoption of a resolution to effect these amendments – Sign Ordinance Local Coastal Program Amendment and Zone Text Amendment/Citywide – Applicant: City of Oceanside

Continued to 5:00 p.m. on Wednesday, April 18, 2012

INTRODUCTION AND ADOPTION OF ORDINANCES – None

CITY COUNCIL REPORTS

9. **Mayor Jim Wood** - absent

10. **Deputy Mayor Jack Feller**

DEPUTY MAYOR FELLER attended the Oceanside Cultural Arts Foundation Scholarship Concert.

We reappointed Tom Rosales to the Planning Commission. He is currently the Chair of the Planning Commission.

He attended a Chamber ribbon-cutting at the Crossroads Barbeque, which is the former In Cahoots. They are going to turn it into a destination, open facility for meeting space, etc.

At SANDAG we discussed, in the overall work program, the pension and benefits at SANDAG. Nobody at SANDAG pays any of their pension or benefits. That discussion came up since almost every City representative and the County are already involved in that. SANDAG's staff will be contacting our staff to find out what each group is actually paying.

Mickey Todd turned 96 on Monday.

The Ironman is coming this weekend. It brings 2,500 participants into the community.

11. **Councilmember Gary Felien**

COUNCILMEMBER FELIEN attended the most recent OCNA meeting with concerned residents committed to their community. The Oceanside Police Department made a presentation about the challenges in Crown Heights and other neighborhoods.

He attended a presentation at the Old Grove Apartments that is run by our Community Housing Works and the wonderful programs they have there. One special program is Running Readers, where adults volunteer to read to the children.

He attended the California Women's League lunch last Friday. They are an organization to convince women to get more involved in public life and run for office.

He participated in the Oceanside/Carlsbad Soroptomists lunch, which is a scholarship fund-raising program.

He attended the Oceanside Tourist Committee meeting. We're starting to see a turnaround in our tourism in the City. It's a long slow recovery, but recovery is better than decline.

He attended the ribbon-cutting ceremony at the Allstate Insurance in Ocean Ranch. He also attended the ribbon-cutting for the Brooks Street Theater.

12. **Councilmember Jerome Kern**

COUNCILMEMBER KERN attended the Brooks Street Theater ribbon-cutting as well.

People have been asking him what's happening on Douglas Drive. It's Pro Kids Golf, which is a Callaway supported program that teaches golf to kids and tutors them. The construction should be done by May or June, and the grass should be ready by September.

13. **Councilmember Esther Sanchez**

COUNCILMEMBER SANCHEZ met with community leaders in the area to discuss the gang violence that we've had a spike in. We're going to continue to meet and come up with other efforts.

Susan Hall was named Woman of the Year by Assemblyman Martin Gerig for her work with Angel's Depot.

ADJOURNMENT

DEPUTY MAYOR FELLER 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 7:24 PM on March 28, 2012. [The next regular meeting is scheduled for 2:00 PM on Wednesday, April 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

DECEMBER 19, 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
Jack Feller

Councilmembers
HDB Directors
CDC Commissioners
OPFA Directors
Esther Sanchez
Jerome M. Kern
Gary Felien

City Clerk
HDB Secretary
CDC Secretary
OPFA Secretary
Zack Beck

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 2:01 PM, December 19, 2012.

2:00 PM - ROLL CALL

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

Due to advance notice of cancellation of Closed Session, no Councilmembers were present.

CITY COUNCIL, HDB, CDC, OPFA CLOSED SESSION ITEMS

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

1. **[CONFERENCE WITH LABOR NEGOTIATOR ON STATUS OF NEGOTIATIONS PREVIOUSLY AUTHORIZED IN OPEN SESSION (SECTION 54957.6)]**

CONFERENCE WITH LABOR NEGOTIATOR – Negotiator: City Manager; employee organizations: Oceanside Police Officers’ Association (OPOA), Oceanside Firefighters’ Association (OFA), Oceanside Police Management Association (OPMA), Management Employees of the City of Oceanside (MECO), Oceanside City Employees’ Association (OCEA), Oceanside Fire Management Association (OFMA), Western Council of Engineers (WCE), and Unrepresented]

No closed session was held

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

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (SECTION 54956.9)
Initiation of litigation by City pursuant to Subdivision (c) of Section 54956.9: One case]
No closed session was held

[Recess was held from 2:01 PM to 4:02 PM]

4:00 PM – ROLL CALL

MAYOR WOOD convened the meeting at 4:0__ PM. Present were Mayor Wood, Deputy Mayor Feller and Councilmember Felien. Councilmember Sanchez arrived at 4:04 PM. Councilmember Kern was absent. Also present were City Clerk Beck, Assistant City Clerk Trobaugh, City Manager Weiss and City Attorney Mullen.

CONSENT CALENDAR ITEMS [Items 3-12]

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

COUNCILMEMBER FELIEN requested Item 9 be pulled for discussion.

DEPUTY MAYOR FELLER requested Item 8 be pulled for discussion.

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 to increase the annual purchase order for Gigster Products Inc., from \$38,000 to \$200,000; increase the annual purchase order for Dell Marketing L.P., from \$150,000 to \$400,000; and approve a new purchase order for Hello Direct Inc., in the amount of \$75,000 to purchase equipment, supplies, materials, and services for the Information Technologies Division and associated funds; and authorization for the Financial Services Director, or designee, to execute the revised purchase orders and the new annual purchase order for FY 2012-2013

5. CDC: Approval of Contract Change Order 23 [**Document No. 12-D0810-3**] in the amount of \$225,130 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 order
6. City Council: Approval of a three-year agreement [**Document No. 12-D0811-1**] with Kinane Events of Oceanside; costs and conditions to be determined annually; for the Turkey Trot to be held on Thanksgiving Day 2013, 2014, and 2015; and authorization for the City Manager to execute the agreement
7. City Council: Approval of a real property exchange agreement [**Document No. 12-D0812-1**] with Francesco and Teresita DeJesus Flora Dorigo for flood subvention and water quality enhancement efforts in Loma Alta Creek west of Coast Highway, concerning vacant City-owned real property designated as Assessor Parcel Number 153-030-15; and authorization for the Mayor to execute the agreement, the Certificate of Compliance [**Document No. 12-D0813-1**] for Lot Line Adjustment and related deeds [**Document No. 12-D0814-1**]; the City Clerk to accept the Grant Deed [**Document No. 12-D0815-1**] for the newly-created City parcel; and staff to open escrow and consummate the transaction
8. **Removed from Consent Calendar for discussion-Council**
9. **Removed from Consent Calendar for discussion-Council**
10. City Council: Adoption of **Resolution No. 12-R0818-1**, "...approving the final map for One Mission Avenue, Phase One", bounded by Civic Center Drive, Seagaze Drive, Cleveland Street, and Myers Street; and authorization for the City Clerk to record the final map with the San Diego County Recorder
11. City Council: Adoption of **Resolution No. 12-R0819-1**, "...establishing certain traffic controls within the City of Oceanside", a no parking zone on the west side of Martin Street, south of North Redondo Drive
12. City Council: Adoption of **Resolution No. 12-R0820-1**, "...establishing certain traffic controls within the City of Oceanside", a five-minute passenger loading zone on the southwest side of Via Rancho Road, between Via Clemente and a point approximately 249 feet northwest of the Mesa Drive centerline

DEPUTY MAYOR FELLER moved approval of the balance of the Consent Calendar [Items 3-7, and 10-12].

COUNCILMEMBER FELIEN seconded the motion.

Motion was approved 4-0, Kern absent.

Items removed from Consent Calendar for discussion

8. **City Council: Authorization to award a contract in the amount of \$946,350 to California Skateparks of Upland for the Alex Road Skatepark project and authorization for the City Manager to execute the agreement upon receipt of all supporting documents; approval of Amendment 2 in the amount of \$53,285 to the professional services agreement with Grindline Skateparks, Inc., of Seattle, Washington, for construction support, construction survey work, special testing services, and additional design work related to storm water permit changes for the project, and authorization for the City Manager to execute the amendment; and approval of a budget appropriation in the amount of \$632,635 from the Park Development fund to the Alex Road Skatepark project account**

DEPUTY MAYOR FELLER pulled this because he has mixed emotions about approving another skate park right now, especially with the way people treat the ones we have right now. He would like some assurance that we'll have better control of the skaters who are being disrespectful of the things that we've provided for them. He asked staff to touch on that.

NATHAN MERTZ, CIP Manager II, stated we're anticipating that with the construction of this new park, a larger facility, that we'll see a drop in the overwhelming popularity and use levels at Martin Luther King (MLK) Park, specifically. That's what we're hoping to see from a programming standpoint.

DEPUTY MAYOR FELLER stated it's not just the concern about how crowded it is, it's the disrespect for the property itself. Earlier today he saw skate stickers on every sign on the bridge that crosses Pacific Place. He doesn't anticipate that is going to change unless we make some sort of rule. The disrespect is beyond his comprehension with the stickers and writing on things and graffiti in the bathrooms at MLK. He will vote for this and hope that we have some process coming forward that will help us keep these places clean.

CITY MANAGER WEISS stated we have had complaints over the years in regards to the language and smoking that occurs at the skate parks. The graffiti is not symptomatic of just MLK; we have that same problem at most of our parks. We do have a fairly active graffiti program. He's aware that the Police Department, mainly on a complaint basis, does go to the skate parks and issues citations for helmet violations. There is very little we can do regarding the language and/or the smoking unless they're actually caught. There's nothing we can do to stop the disrespect part of it. We can, however, monitor and enforce the helmets and safety equipment. The remainder of those issues probably won't go away.

The stickers on Pacific Terrace are not necessarily symptomatic of adding a skate park. If the anticipation is that we're going to have a physical presence at the skate parks, then we would need to know that now because at this point we do not provide that, nor do we restrict, monitor or otherwise actively have someone available to police the skate parks. If that's something that is of interest to Council, he would recommend moving forward and approving this. Before we actually initiate construction and if Council is looking for something like a Park Ranger program, then we would need to develop that fairly quickly and bring it back to Council if that's a condition of moving forward with another skate park.

COUNCILMEMBER SANCHEZ is very excited about this skate park. We have a lot of kids in our separate neighborhoods, and it is much safer to have them skate in a park rather than on the streets. Our streets have become the number one public safety issue, although crime is starting to creep up.

This is wonderful. There are a lot of policy reasons why we do what we do in terms of liability issues. It's probably a handful of kids that are irresponsible, while the majority of the kids are really into this. She's had the pleasure of meeting several kids that see it as a skill they've developed. Their families are proud of them. We had one kid who passed away this past year, who did some marvelous things for kids. He would go out and do charity events. He passed away going to a charity event. She knows we have some kids who are not so good about the rules, but we've got some kids who would be really proud of this park and that would probably carry into keeping this park looking good.

She **moved** approval of [authorization to award a contract **[Document No. 12-D0816-1]** in the amount of \$946,350 to California Skateparks of Upland for the Alex Road Skatepark project and authorization for the City Manager to execute the agreement upon receipt of all supporting documents; approval of Amendment 2 **[Document No. 12-D0817-1]** in the amount of \$53,285 to the professional services

agreement with Grindline Skateparks, Inc., of Seattle, Washington, for construction support, construction survey work, special testing services, and additional design work related to storm water permit changes for the project, and authorization for the City Manager to execute the amendment; and approval of a budget appropriation in the amount of \$632,635 from the Park Development fund to the Alex Road Skatepark project account].

MAYOR WOOD seconded the motion.

DEPUTY MAYOR FELLER stated that's what they've said about every park we've done. They've been so proud that they literally destroy it and don't follow the rules. He's going to vote for it because he thinks it is in the best interests of everybody. He just hopes there's a way going into the future that we can do something about it.

MAYOR WOOD suggested putting up a sign that says the park may be closed due to continued graffiti, vandalism or trash. Maybe that would send a message that if they don't keep it up, we're going to close it for a time period.

Motion was approved 4-0, Kern absent.

9. **City Council: Acceptance of the City Treasurer's Report for the quarter ended September 30, 2012**

COUNCILMEMBER FELIEN wanted to give our City Treasurer a chance to speak to the public a little bit regarding the financial markets, federal activity and how all of that is impacting our City and our investment policy and returns.

GARY ERNST, City Treasurer, reported the state of the City's investment portfolio is very sound. During the first quarter of the fiscal year, the City typically draws down the portfolio somewhat to cover expenses, and then replenishes it during the following two quarters as property tax revenues refill our coffers. In that regard, this year has been normal. We have one more tax installment season coming up this February. Barring any unforeseen expenditures that might crop up, this coming year we are looking well positioned to be at or ahead of where we were, post-tax season, which is good news.

In the overall fixed income investment arena, yields continue to erode slightly as expected due to economic sluggishness and the fed's ongoing direct action to keep the fed's rates artificially low with Operation Twist. As our own portfolio bonds mature, reinvestment yields have been markedly lower, exacerbating the situation. He and Treasury Manager, Michele Lund, had met with the County Treasurer/Tax Collector Dan McAllister in a very small group at a presentation put on not too long ago at a broker/dealer's office. Treasurer Ernst had asked how the County was doing with accounting and managing several billion dollars, and Mr. McAllister said they aren't really managing for returns; they're managing to not lose principal. That's it in a nutshell right now. The returns are so low that many of the Treasurers out there are just trying not to lose money. Thank goodness we've been able to do that, as well as having a seven-figure return year after year. That is good news.

Earlier in the year, our Investment Oversight Committee met and discussed ways of safely enhancing portfolio return, and in May we unanimously concurred that we wanted to invest more in commercial notes. We're talking investment grade A paper. We've been doing so, and some in the municipal bond arena, but we're being very cautious there because of bankruptcies that we've seen statewide. That's helping us improve on our overall portfolio performance. We're doing pretty well, all things considered. Given a little time, we'll probably see a little bit of inflation crop up, and that will help us. It may not help the economy overall, but it will help us in terms of our objective to maximize return.

COUNCILMEMBER FELIEN wanted to give the Treasurer a chance to speak on those issues and reassure the public that our money is being well handled.

He **moved** to accept the report.

COUNCILMEMBER SANCHEZ **seconded** the motion.

Motion was approved 4-0, Kern absent.

GENERAL ITEMS

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

13. **City Council/Harbor: Adoption of City Council and Harbor District Board resolutions electing to become subject to the Uniform Public Construction Cost Accounting Act; and introduction of an ordinance amending Chapter 28A of the Oceanside City Code to provide informal bidding procedures under the Uniform Public Construction Cost Accounting Act**

GARY KELLISON, Senior Civil Engineer, stated this item is a request for the Council and the Harbor Board to adopt the Uniform Public Construction Cost Accounting Act. This allows the City to use informal bidding procedures for reasonably sized public works construction projects. In the absence of adopting this Act, the City is restricted to going to formal, written, sealed bids for each project individually over \$5,000.

Our purchasing policy, which isn't specific to Public Works projects, but addresses ordinary purchases, has reasonable limits. The limits set by the Uniform Public Construction Cost Accounting Act were shown on a computer graphic. For projects under \$175,000, staff intends to use a bidding process, but one that can be administrated much more easily – accepting bids by email and fax. At the same time, the Act requires us to establish a list of interested contractors by specialty, and they would automatically receive the bid notices. Plus we would accept bids from all other interested contractors that hear about the project.

Our current bid advertising policy on the internet and in publications is in conformance already with the Uniform Public Construction Costs Accounting Act.

Our financial accounting system is in conformance with the Act so it allows Public Works staff to do work in lieu of contracted work if it's cost-efficient. Under adoption of the Act, projects over \$175,000 would continue to be formally bid, as they are now.

Staff believes this would reduce administrative costs and allow us to deliver projects more quickly. They can be formally bid when plans are ready.

Finally, the staff report recommends adoption of the definition for emergency projects as found in the public contract, in lieu of the one that was written into the purchasing ordinance.

COUNCILMEMBER SANCHEZ stated the staff report indicates that for projects up to \$175,000 the City uses an informal bidding process by advertising directly to the listed contractors with a license for the requested work. What does staff do to find out who has a license and to get that information out to people?

MR. KELLISON responded that currently we advertise on a well-known website. We send plans out to the plan rooms that are local. When a contractor submits a bid back to the City, they're required to list their license number and the specialty that goes with that particular license. It takes staff literally seconds to look on the State Contractors License Board to verify if the license is currently active and valid.

COUNCILMEMBER SANCHEZ asked how this would impact smaller businesses.

MR. KELLISON responded in his opinion it would make it easier because they could submit bids by fax or email, and they can formally notify us that they have certain specialties and want to be specifically invited to bid on a project. Right now in our formal procedures, we advertise, but we don't necessarily reach out to contractors in the community on an individual basis.

COUNCILMEMBER SANCHEZ likes those business-friendly provisions. We want to encourage our small businesses to contract with the City.

She **moved** approval of [adoption of City Council and Harbor District Board resolutions (**Resolution No. 12-R0821-1**, (Council) "...electing to become subject to the Uniform Public Construction Cost Accounting Act", and **Resolution No. 12-R0822-2**, (HDB) "...electing to become subject to the Uniform Public Construction Cost Accounting Act", electing to become subject to the Uniform Public Construction Cost Accounting Act; and introduction of an ordinance amending Chapter 28A of the Oceanside City Code to provide informal bidding procedures under the Uniform Public Construction Cost Accounting Act)].

DEPUTY MAYOR FELLER seconded the motion.

After titling of the ordinance, the **motion was approved 4-0**, Kern absent.

CITY COUNCIL REPORTS

14. **Mayor Jim Wood**

MAYOR WOOD wished everyone happy holidays.

15. **Deputy Mayor Jack Feller**

DEPUTY MAYOR FELLER wished everyone happy holidays.

16. **Councilmember Gary Felien**

COUNCILMEMBER FELIEN attended the Senior Volunteer Appreciation party and the Holiday Reception on Camp Pendleton.

17. **Councilmember Jerome Kern** – absent

18. **Councilmember Esther Sanchez**

COUNCILMEMBER SANCHEZ was gone last week at a Coastal Commission hearing in San Francisco. She wanted to voice her objections once again about the special meeting that was set and heard on December 12, 2012. She had a chance to look at the notice, and it did not comply with our rules on setting meetings. There were no resolutions adopted at that meeting. She had a chance to look at the Charter, which is a 4-page constitution for our City, and most of it has to do with anti-labor sections. There is no legislative intent. It does not address anything specifically about the Mayor. It does say that it reserves all of the powers to the citizens of Oceanside. That means any kind of major changes, like stripping the Mayor of his appointment powers, would require an amendment to the Charter. Our Charter, on page 4, states that the way you change the Charter is by a vote of the people.

She has no idea why this was so rushed. The public didn't really have a chance to talk about this. It looks like 3 Councilmembers met and agreed on the setting of this

date because 3 Councilmembers signed the notice to have a special meeting. The notice was signed December 4, 2012, with 24 hours and not posted, to be held on December 5, 2012. She is concerned about what's been happening these past few weeks. We had an election where we had a very high voter turnout of 77%, and our Mayor got close to 55%, a super majority vote. That answers the issue of who our Mayor is and the leader for the citizens; it's Jim Wood.

She feels the meeting held on December 12, 2012, was illegal. Even if the notice was found to be legal, this was not done at a regular meeting, and she is asking the Council majority to set this again for a regular meeting. We have a meeting on January 2, 2013, which would have been the next regular meeting. She asked the majority to redo the notice and let us all vote on January 2, 2013, in the spirit of at least trying to look like we're following a regular procedure. Whatever we do reflects on our City.

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

CITY ATTORNEY MULLEN reported Closed Session was cancelled so there is no report.

[Recess was held from 4:34 PM to 5:07 PM]

5:00 – ROLL CALL

Mayor Wood reconvened the meeting at 5:07 PM. All Councilmembers were present, except Councilmember Kern, who was absent.

INVOCATION – Zack Beck

PLEDGE OF ALLEGIANCE – Tri-City Inline Hockey League

PROCLAMATIONS AND PRESENTATIONS –

Proclamation – California Day Without a Bag

Presentation – Mayor's Youth Sports Recognition and Appreciation Award

Presentations were made

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) CATHY NYKIEL, MainStreet Oceanside, 701 Mission Avenue, thanked everyone who helped with the tree-lighting on December 6th. Tomorrow is the Holiday Sunset Market and again on the 27th.

B) SHERMAN WHITMORE, 3494 Queens Court, Costa Mesa, International Swimming Hall of Fame, introduced David J. Flood who served on the Olympic Committee for 10 years and is in the Water Polo Hall of Fame and the Olympic Hall of Fame.

C) DAVID J. FLOOD, 29 Blue Lagoon, Laguna Beach, thanked Council for considering relocating the International Swimming Hall of Fame to Oceanside. The Hall of Fame is a clearing house for everything aquatic, including seminars, education, history, and the hosting of events. They've been located in Fort Lauderdale since 1965, but there are more Olympians in Southern California than any place else in the United States. They think that, by combining the Hall of Fame with the hotel operation and water parks at El Corazon, it will give the ability to bid for future events and add to the occupancy of the hotel. The room tax would be a big advantage to this community.

They have visited the site and met with staff many times over the last couple of years, and it would be a great honor in the future to sit with the City and answer questions about the feasibility and future of this project.

21. **Communications from the public regarding items not on this agenda** – None

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: Adoption of a resolution establishing regulations for new City parking lot 11 located at 1302 N. Pacific Street, deleting parking lot 25 located at the intersection of Myers Street and Seagaze Drive, formalizing the expansion of parking lot 27 located adjacent to the railroad tracks at the 600 block of S. Myers Street, and updating regulations and restrictions for all City parking lots – Applicant: City of Oceanside**

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

FRANK QUAN, Harbor and Beaches Coordinator, stated Lot 11 is a brand new lot next to the Harbor Boat Launching Ramps. Lot 25 is being deleted. That is where the Spring Hill Suites on North Myers Street will be located. Lot 27 has been expanded and is located between South Myers Street and the railroad tracks.

Public input

JIMMY KNOTT, 127 Sherri Lane, has been approached about this issue with concerns. One concern was the potential privatization of our parking lots. If that's in the future, the City needs to do additional studies to talk about the impact on consumers and businesses, with a before and after analysis. We also need to know where the money is being used. We may want to consider using it for the immediate area around the parking lot and not put it in the General Fund. The City may also want to look at the usage of the parking lots to see if they want to leave some of it open to free parking for part of the year.

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

COUNCILMEMBER SANCHEZ asked the City Manager to do a briefing in terms of what the issues were with Myers Street and the parking lot there.

CITY MANAGER WEISS stated we had a number of residents send emails when that parking lot was being constructed, requesting a number of modifications, changes and considerations. Many of those have already been taken care of, and that lot is now constructed. The trees were changed out in accordance with those residents' wishes. Some other changes have also been made. The action this evening will restrict the parking to daytime only. There will not be overnight parking allowed, which was one of the issues from the residents. It also establishes a fee for that lot. Essentially, the majority of the issues, at least from a staff level, were worked out with those residents. This will, at least for Lot 27, address the issue of no overnight parking.

COUNCILMEMBER SANCHEZ stated there were some other issues having to do with cars coming in, and with their direction of travel some of the headlights were shining directly into the residential. She believes staff has resolved those problems.

They were going to put up some kind of shielding, which she believes the trees have done.

CITY MANAGER WEISS stated there have also been vines planted on the fences that are there. As those and other landscaping develop, that will block those headlights. There was an issue about the crossing of the bicycles with the vehicles, and stop signs have been added at their request.

COUNCILMEMBER SANCHEZ moved [adoption of **Resolution No. 12-R0823-1**, "...repealing all previous resolutions fixing fees for the City parking lots and establishing parking fees, regulations and restrictions for all parking lots", establishing regulations for new City parking lot 11 located at 1302 N. Pacific Street, deleting parking lot 25 located at the intersection of Myers Street and Seagaze Drive, formalizing the expansion of parking lot 27 located adjacent to the railroad tracks at the 600 block of S. Myers Street, and updating regulations and restrictions for all City parking lots – Applicant: City of Oceanside].

DEPUTY MAYOR FELLER seconded the motion. He asked for an explanation of lifting the exemption for free handicap parking means.

MR. QUAN responded in some of the parking lots, like Lots 27 and 11, they will now have ADA (Americans with Disabilities Act) compliant pay machines. Prior to this, the City did not have ADA complaint pay machines so people with a handicap placard were allowed to park free.

DEPUTY MAYOR FELLER clarified they will now have the same rules to follow in those parking lots as non-handicapped people.

MR. QUAN responded yes.

DEPUTY MAYOR FELLER asked if slip renters who park in a slip renters' spot can park there indefinitely.

MR. QUAN responded they can park for up to 72 hours.

DEPUTY MAYOR FELLER asked what happens if they travel.

MR. QUAN responded they can leave their name at the Harbor office, and we will make sure they are not cited.

DEPUTY MAYOR FELLER asked if we've had any mention of privatizing the parking lots.

MR. QUAN responded not to his knowledge.

DEPUTY MAYOR FELLER noted that in Municipal Lot 20 at 900 North Pacific, he could find no annual permit parking.

CITY MANAGER WEISS responded the reason that the permits are not valid in that lot is because we have restrictions as a result of the funding for that lot, which was through a Coastal Conservancy Grant. Those lots are pay lots, and the beach passes are not valid in those lots. The only reason the North Coast Village is in here is because they actually donated the land. As part of that donation, that was included for the parking lot.

DEPUTY MAYOR FELLER stated in Lot 24 on Item 2, it says an annual municipal parking permit is valid in lieu of fee payment solely between the hours of 9:00 PM and 9:00 AM. Does that mean it's not good during the day?

MR. QUAN is not sure. He'll have to check on that and get back to Council.

Motion was approved 4-0, Kern absent.

23. **City Council: Adoption of a resolution amending the City's fee schedules for new meters and their installation and for utility services related to account establishment, after hours service calls, multi-unit door tags, reinstatement of services, broken locks and lock checks, and meter examinations; and to establish fees for RV dump stations as well as Fats, Oils and Grease permits**

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

CARI DALE, Water Utilities Director, stated this action is to request adjustments to various utility service fees and for new water meters. The adjustments allow for the full recovery of costs for providing a service and are applicable only to those customers receiving the service. The adjustments reflect the City's cost of providing the service and follows cost-of-service methodology.

Adjustments to new water meters and installation fees were last updated approximately 2 years ago. These fees include the cost of the meter itself, as well as the installation labor, and would be paid for by new customers. Different from the last time the fees were updated, this round also has fees that are being recommended for reduction in cost.

A computer graphic was used to depict the various meter types and sizes, as well as their current and proposed costs. Approximately 40% of the figures of the available meter sizes and types are being recommended for reduced fees due to a cost savings in the brand of the meter that's being purchased by the department. The remaining meters are recommended for slight increases to recover increased costs in providing the services. Other utility fees were last updated over 2 years ago, in 2010.

Approximately half of the fees being recommended for adjustment reflect a reduction in the cost to provide the service. In addition, there is one fee, the lock check, that is being eliminated, and 3 fees that are being added. Those are the FOG (Fats, Oils & Grease) permits, the RV dump fee, and the delinquent notification fee.

The most significant fee from a customer perspective is the delinquent notification fee, which notifies a customer, as required by law, that their water would be turned off. Currently that fee is \$20. With technology, we plan to implement a program whereby the customer could be notified by phone, and the fee would be 25¢.

In summary, tonight's proposed action updates fees, both upwards and downwards, to reflect the true cost of providing a service. These costs are typically borne only by those customers receiving the service. The average customer paying their bill on time should not incur any fees for these services.

Public input

JIMMY KNOTT, 127 Sherri Lane, is Vice Chair of the Utilities Commission, who reviewed this and passed it with the recommendation to the Director to look into the issue of turning off of water to families and seniors who are low income. We're going to be addressing that issue to make sure that no child or low-income senior goes without water.

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

COUNCILMEMBER SANCHEZ moved adoption [of **Resolution No. 12-R0824-1**, "...adopting fees for new water meter equipment and installation and utility services and equipment provided by the City", and for utility services related to account establishment, after hours service calls, multi-unit door tags, reinstatement of services, broken locks and lock checks, and meter examinations; and to establish fees for RV dump stations as well as Fats, Oils and Grease permits].

MAYOR WOOD seconded the motion.

DEPUTY MAYOR FELLER asked who would pay for water for the people who are supposed to have their water shut off.

MS. DALE believes the item that Mr. Knott mentioned is being researched, and we'll bring it forward to the Commission. It's not under consideration this evening under this action.

DEPUTY MAYOR FELLER didn't think so. On Page 3, under Customer Requested Meter Examination, it was \$3 and now it's going to \$1.15 and somewhere in there it said we've only had one of those in the last year. Are you expecting more, or are you expecting meters to break down?

MS. DALE responded there are times when we have a customer that insists on having the service performed. In those cases we do want to recoup the cost of performing that service, because there is a cost. We're recommending a fee because if we didn't have a fee, we could have quite a few requests, which could bog down the staff labor.

DEPUTY MAYOR FELLER stated many times when we get calls about a leak, what we're told is that you would be willing to go out and do an analysis. Does that fall under this?

MS. DALE responded no. If you do have a leak, we recommend that you call our office, and we'll come out as a courtesy and check that. We also offer a free audit for people who might suspect that they have a leak. We have a free number, and it's on our website.

She clarified that if you have a bill that you feel has been read incorrectly, we will send someone out as a courtesy at no charge to recheck the meter. That is not what we're talking about here.

COUNCILMEMBER FELIEN asked what it is that would actually trigger the fee. If they call and say they think their meter is broken and it turns out they're right, he assumes they aren't going to be charged. If it turns out they're wrong, and it's not someone who calls every week to have their meter checked, there should be some disincentive for that. What is it that will actually trigger the fee?

MS. DALE responded if a customer has had us come out on several courtesy calls and we've rechecked the meter but they insist that we test the meter because they don't believe the check is correct. We do have some instances where the customer is very insistent that the meter be tested, and in that case the fee would apply.

COUNCILMEMBER FELIEN asked if, in the fiscal impact on the issue of the meters, we're expecting to raise approximately \$5,000 but on all the other fees we're expecting to go down by \$126,000. Therefore, we should have roughly a net savings to rate-payers, based on the new analysis of actual costs, of about \$120,000. Is that correct?

MS. DALE responded that for the meters, it recovers the actual cost, so that's a

net zero. The reductions in the cost on the last chart are reductions sometimes in labor for overtime, because some costs occur after hours. These are, in some cases, savings to customers. In a lot of cases these fees are fees that are being administered towards those accounts that are delinquent and have trouble paying, so we see it as a savings to some of the ratepayers that are having difficulty in these hard times.

COUNCILMEMBER FELIEN stated then overall it's good news for the people who actually pay the bills, with the exception of the occasional individual who wants a meter exam. All in all it's worthy of support.

Motion was approved 4-0, Kern absent.

18. Councilmember Esther Sanchez – continued

COUNCILMEMBER SANCHEZ received a call from a constituent who is an avid KOCT watcher of City Council meetings. She was discouraged because there have been some changes by Cox Communication. She was wondering what happened to her City Council meetings. Councilmember Sanchez talked to Tom Reeser at KOCT, and he helped her understand what was going on by summarizing the issues as follows:

Some of the public may be having difficulty receiving KOCT's two channels or the Education Channel. The reason is that on December 13th, Cox began transmitting PEG (Public Education Government) channels in digital format only. This has not affected the majority of Cox customers, according to Cox, who already have digital services. If you only have basic service and older televisions, before 2006, you may need a digital tuner. The Cox offer of a one-year free digital tuner is only good until January 31, 2013, and is available only for Cox television starter or essential customers.

If you do have a newer television, you may have to tune your television to get KOCT. Go to your television menu and look for auto scan and rescan your television. For those with older televisions, Cox will provide one standard definition receiver free for one year with self-install information. You need to call Cox to receive the digital box offer. KOCT is also keeping a log of comments of complaints about viewers' experiences during this digital transition. They want to make sure they don't lose any viewers in this process. They will post a link on KOCT's home page to a Cox web page with a video tutorial on how to tune your television, as well as additional information about this transition.

MAYOR AND/OR COUNCILMEMBER ITEMS - None

INTRODUCTION AND ADOPTION OF ORDINANCES - None

ADJOURNMENT

MAYOR WOOD adjourned this joint meeting of the Oceanside City Council, Community Development Commission, Small Craft Harbor District Board of Directors and Oceanside Public Finance Authority at 5:51 PM on December 19, 2012. [The next regular meeting is scheduled for 2:00 PM on Wednesday, January 2, 2013].

ACCEPTED BY COUNCIL/CDC/HDB/OPFA:

Zack Beck
City Clerk, City of Oceanside