



California

ITEM NO. 3

CITY OF OCEANSIDE

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

FEBRUARY 19, 2014

REGULAR MEETING 2:00 PM COUNCIL CHAMBERS

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

Mayor
HDB President
CDC Chair
OPFA Chair
Jim Wood

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

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

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
Steve Jepsen

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

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

For this regular and joint meeting, the Council sat as all 4 governing bodies [Council, HDB, CDC and OPFA] simultaneously but took action as the respective agency for the jurisdiction covered by each item. Council titles only will be used for brevity throughout the entire meeting.

The regular and joint meeting of the Oceanside City Council (Council), Small Craft Harbor District Board of Directors (HDB), Community Development Commission (CDC) and Oceanside Public Finance Authority (OPFA) was called to order by Mayor Wood at 2:00 PM, February 19, 2014.

2:00 PM - ROLL CALL

Present were Mayor Wood and Councilmembers Kern, Feller and Felien. Deputy Mayor Sanchez arrived at 2:01 PM. Also present were Assistant City Clerk Trobaugh,

City Manager Jepsen and City Attorney Mullen.

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

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

CITY COUNCIL, HDB, AND CDC CLOSED SESSION ITEMS

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

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

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

No closed session held

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

A) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Property: 3350 Mission Avenue – portion of Fire Station No. 7 (APN 160-270-84); Negotiating Parties: City of Oceanside and Lamar Advertising Company; Negotiator for the City: Douglas Eddow, Real Estate Manager; Under Negotiations: Price and terms for the lease of real property

Item discussed; gave direction; no reportable action

4:00 PM – ROLL CALL

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

CONSENT CALENDAR ITEMS [Items 3-12]

All items listed on the Consent Calendar are considered to be routine matters or formal documents covering previous City Council/HDB/CDC/OPFA instructions. 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 City Council/HDB/CDC/OPFA or the public through submittal of a Request to Speak form prior to the commencement of this agenda item.

CITY CLERK BECK announced that Item 9 has been pulled for discussion by a member of the public. Item 10 has been removed from the agenda by staff.

The following Consent Calendar items were submitted for approval:

3. City Council/Harbor/CDC/OPFA: Acceptance of Joint Minutes of the Small Craft Harbor District Board of Directors, Community Development Commission, City Council, and Oceanside Public Financing Authority of the January 23, 2013, 2:00 p.m. Adjourned Meeting
4. City Council/Harbor/CDC/OPFA: Approval to waive reading of the text of all ordinances and resolutions considered at this meeting and provide that ordinances shall be

introduced after a reading only of the title(s)

5. City Council: Approval of Amendment 2 [**Document No. 14-D0062-1**] to the Lease Agreement with Vista Community Clinic for a portion of the premises located at 4700 North River Road in the Libby Lake Resource Center, expanding the leased premises by 3,143 square feet for a revised total of approximately 7,585 square feet, increasing the annual compensation by \$16,595 annually; and authorization for the City Manager to execute the amendment
6. City Council: Approval of a professional services agreement [**Document No. 14-D0063-1**] in an amount not to exceed \$75,000 with Keyser Marston Associates, Inc., for financial advisory services of proposed land use and development projects; and authorization for the City Manager to execute the agreement
7. City Council: Approval of a five-year lease agreement [**Document No. 14-D0064-1**] with San Diego County SER/Jobs for Progress, Inc., for a minimum total revenue of \$7,500 per year for use and occupation of the premises at Libby Lake Resource Center for education, job training, and employment assistance services to the public; and authorization for the City Manager to execute the agreement
8. City Council: Approval of a ten-year property use agreement [**Document No. 14-D0065-1**] with the North County Model Railroad Society in the minimum amount of \$6,000 per year for use of building space located at Heritage Park, 220 Peyri Road for educational programs and services to the public; and authorization for the City Manager to execute the agreement
9. **Removed from the Consent Calendar for discussion – Public**
10. [City Council: Approval of a revenue increase in the amount of \$24,500 to the Water Sales-Construction Fees Account; and approval of an expenditure increase in the amount of \$24,500 to the Meter Services Operating Budget for the purchase of water meters and appurtenances for new development]

Removed from the agenda by staff

11. City Council: Approval to grant an easement [**Document No. 14-D0068-1**] to San Diego Gas and Electric Company for overhead electrical facilities spanning the San Luis Rey River at State Route 76 and North River Road, affecting City-owned real property designed as County Assessor Parcel No. 128-170-08 and 128-170-82; and authorization for the Mayor to execute the easement deed
12. City Council: Adoption of **Resolution No. 14-R0069-1**, "...approving the Final Map of Thunderbird Drive Subdivision," a 7-lot residential development located on 1.6 acres northwest of the intersection of Thunderbird Drive and Inverness Drive; and authorization for the City Clerk to record the Final Map with the San Diego County Recorder

DEPUTY MAYOR SANCHEZ moved approval of the balance of the Consent Calendar [Items 3-8 and 11-12].

COUNCILMEMBER KERN seconded the motion.

Motion was approved 5-0.

Item removed from Consent Calendar for discussion

9. **City Council: Approval of a purchase and sale agreement with Kukulu Inc., for the sale of City-owned property located on Yucca Road for the purchase price of \$250,000 for residential development; authorization for the Mayor to**

execute the agreement and the grant deed conveying the property; and authorization for staff to open escrow and consummate the transaction

Public input

TODD NASH, 1763 Yucca Road, owns the land directly across the street from the City-owned property on Yucca Road. We're very pleased to see the signs of development on the property on Yucca Road. It's a great benefit to the neighborhood. He met with Guy Alexander, who has represented himself as the developer behind Kukulu, Incorporated. Mr. Alexander shared his development plans, and they seem to be a good fit with the current and future developments of Yucca Road.

He requested that the terms of the purchase agreement with Kukulu be read into the public record, if that's possible. Of particular interest and concern are the requirements for street and infrastructure improvements by the purchaser. It is of great importance that any requirements for improvements be recorded with the deed so that they carry forward with the land and not just with this transaction. This will ensure that the proper improvements are made regardless of who eventually owns the land or what development eventually occurs on the property.

Public input concluded

CURTIS JACKSON, Property Agent, stated the off-site improvements that are required on this purchase and sale agreement are included in the grant deed.

DEPUTY MAYOR SANCHEZ stated some of the comments had to do with Mr. Nash wanting to be able to see what those conditions are. Those are available to the public; is that correct?

MR. JACKSON responded yes they are.

DEPUTY MAYOR SANCHEZ asked if he could say what those conditions are. She's sure Mr. Nash will want to see it later in writing, but what are they?

MR. JACKSON responded the improvements required are for the potential purchaser to widen their side of the road from the centerline to their side, plus twelve feet, which would expand the street going forward. Because of this, they would have to underground the existing utilities. They would need to extend the existing sewer line to the end of the terminus where there's also going to be a sealed-in cul-de-sac created. They would also need to remove, repair and upsize the water line connecting to a new fire hydrant.

DEPUTY MAYOR SANCHEZ stated for purposes of the public, the purchase price is \$250,000. This is prime land. The reason it is so low for prime land, which is probably the best land in Oceanside that they're purchasing, is because of the requirements they have. There is also the other side, which is what Mr. Nash is asking about. She asked Mr. Nash if he is purchasing the opposite side.

MR. NASH responded he already owns the land.

DEPUTY MAYOR SANCHEZ stated the actual costs of all of these improvements are going to basically make the project end up being a lot more. That's the explanation for the low \$250,000 bid. That was the highest bid for this project.

She **moved** approval [of a purchase and sale agreement [**Document No. 14-D0066-1**] with Kukulu Inc., for the sale of City-owned property located on Yucca Road for the purchase price of \$250,000 for residential development; authorization for the Mayor to execute the agreement and the grant deed [**Document No. 14-D0067-1**] conveying the property; and authorization for staff to open escrow and consummate the

transaction]. The questions were asked. We are getting a good deal because these are improvements that this community specifically wanted to make sure would be completed.

COUNCILMEMBER KERN seconded the motion. If you go online, you will see the terms of the contract under the item and the staff report. You can go online and get copies if you want.

Motion was approved 5-0.

GENERAL ITEMS

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

13. **City Council: Introduction of an ordinance amending Chapter 29, Article II of the Oceanside Municipal Code, to reflect clarifications to maintenance responsibility for private sewer connections**

CARI DALE, Water Utilities Director, stated tonight is about a slight ordinance change to Chapter 29 regarding sewers. The City's sewer collection system consists of obvious structures, including manholes, sewer mains, pump stations and force mains, as well as treatment systems/plants. The collection system also consists of sewer laterals, whose purpose is to convey sewage from private homes or businesses to the City's main in the street. Sewer laterals are private structures. The maintenance and repair of these structures is the responsibility of the property owner.

Sewer mains are typically located in the street and are the responsibility of the City to maintain. Residents or businesses are responsible for the maintenance and repair of private structures, including sewer laterals. The responsibility for maintenance and repair is already spelled out in the City's ordinance.

When sewer laterals get older, they may get roots in them, collapse or have cracks. Repairs are necessary. One of the new repair methods available to residents is called a cured-in-place pipe (CIPP) method. Although we're happy that residents are repairing their laterals, it does present some potential risks for the City. That's what we're here to talk about today.

A computer graphic was used to show a manhole that would be located in the City street and demonstrate a cured-in-place pipe. A sock is put into the sewer lateral, in some instances entering through the City manhole. The tool is placed in the City line and the sock is released up into the lateral, inflated either by air or water, and is cured into place.

The new liner requires some trimming at the connection to the main. Some of the potential issues that these repairs present include considerable narrowing of the City's pipe. If we've already lined the pipe before, it does present a problem in terms of the sewage flowing properly. There can be obstructions. If it's not trimmed properly, debris can be left behind, which can contribute to blockages and overflows resulting in costs to the Utility Department. Equipment, such as the camera, can become stuck in the City's main. There are also traffic concerns because there's work occurring in the street. In some instances, manholes are not replaced, causing obvious hazards.

Today's recommended ordinance clarifications do not alter who has responsibility for maintaining laterals. That's already clear in the ordinance. For repairs and replacement work which encroach on the public right-of-way, it does require that if they're going in through a manhole in the street, that they obtain an encroachment permit. What that would do is trigger Utility personnel to go out and inspect the line, possibly with a camera, to ensure that the work has been done properly and does not

present any increased risk to the City for overflows.

Today's recommended action is to introduce the ordinance amending Chapter 29.

Public input

LARRY BARRY, 3973 Brown Street, lives in an older neighborhood. We've had about 5-6 incidents in our neighborhood where trees have broken through the sewer lines. The computer graphic presented doesn't reflect what really happens. All of our curbs have a big "S." The sewer line goes through there. Within about eight feet of that is what they call a washout. The washout usually goes underneath the sidewalk. Whose responsibility is it from the curb and the sidewalk? He thinks that's a municipal problem. These have to be clarified.

Roots are in the street where this is happening. A lot of his neighbors have been putting the CIPP in there. It costs about \$1,500 to use Roto-Rooter to find it. You have to dig out the washout and find out why it happened. You will know when this happens because all of the sewage backs up throughout the whole house.

This is a way for the City to say they don't want any responsibility and they're not going to pay for it. Is there going to be a fee for doing this CIPP procedure? Who's going to pay for that? Is it the property owner that's going to have to figure out how to repair this? Right now, you hire a Roto-Rooter guy to come out and he cleans it out. They have little cameras now that go right into the pipe. It tells you where the breach is, where the pipe is broken and where the roots are. Some of these roots can go as far as 15-20 feet away. It can be roots that are still there from a tree that has been knocked down.

Who's going to pay for the CIPP service? Will there have to be inspections from the City? Is there going to be an added cost to the property owner? Whose responsibility is it to go underneath the City sidewalk from the curb to the washout and into the middle of the road? Two people in his neighborhood had breaches in their sewer pipe that were actually underneath the street. He asked for clarification on those issues.

Public input concluded

MS. DALE responded all of the connections coming from a home, including the cleanout and the pipe that goes underneath the sidewalk until it connects to the City main in the street, is the responsibility of the property owner.

MAYOR WOOD asked Ms. Dale to address the question about the cost involved.

MS. DALE responded the cost is the responsibility of the owner. If the homeowner or business desires to do the CIPP method or they use a more conventional construction method, it is their responsibility to keep the lateral clear so the sewage runs into the City main.

MAYOR WOOD knows Mr. Barry is trying to ask what cost he will have to pay and what the City will pay. He's had the same problem in his neighborhood. It's an older neighborhood, and you don't want sewage backup problems.

DEPUTY MAYOR SANCHEZ stated there was a lot of discussion about this at the Utilities Commission. We have several neighborhoods that are older. It is heartbreaking to hear about what happens when the sewage backs up into a house. Sometimes the City was responsible. There are a lot of questions that were asked, such as whether City trees are responsible for the interference. That's a question we need to have answered.

The commissioners want to look into exploring what potential insurance companies the residents could contact to make this much less of a cost situation, especially for older homes. How long are pipes supposed to last, even under the best conditions?

Her questions to staff are about the trees; Mr. Barry's question about the washout; addressing these issues before there's a problem, such as maintenance and inspections; trying to make that affordable; and questions about how much the permit is going to cost.

When you call someone who's hopefully on a list, they are going to be the ones who know our City's network of pipes. They should know what they're doing and hopefully cost the least. What can we do to ensure that these services will be the least amount of cost to get some maintenance and inspections done? At what point is a good time to be doing this stuff? Is 50 years a good point?

MS. DALE responded the discussion at the Utilities Commission was to look at an insurance program that could be either recommended or sponsored by the City, or whether or not the City might take this program under its wing as its responsibility to maintain. That's going to be a very expensive option. They explored it when she was at the City of Carlsbad. We'll explore all of those options at the Utilities Commission in March. If they have a recommendation to bring forward to Council, we'll do so at that time.

In terms of the trees, we'll evaluate each case on an individual basis. If a City tree has caused an obstruction, it is typically the responsibility of the City to fix whatever has happened. However, these are handled on a case-by-case basis, so she's not going to flat-out say it's the City's responsibility.

A computer graphic was used to show a cleanout. A plumber might access the pipe with a tool to either cut out roots or send a camera down. It's got a swoop that goes into the City lateral. It is the homeowner's responsibility to maintain that cleanout and to clean their lateral through that cleanout.

DEPUTY MAYOR SANCHEZ stated what we have before us is an ordinance that doesn't affect whose responsibility it is to maintain that part of the network for our sewage pipes, but now requires permitting. With regards to permitting, how much will it cost typically?

MS. DALE doesn't have the cost of that offhand. This type of activity would have required an encroachment permit previously. We're spelling it out in the ordinance so that it's very clear.

DEPUTY MAYOR SANCHEZ asked the cost.

MS. Dale doesn't have those costs offhand.

DEPUTY MAYOR SANCHEZ is supporting this because we need to begin this process. She supports the Utility Commission's inquiries in trying to see what can be recommended to address this as a City, which hopefully will lower the cost of the maintenance and inspections. Hopefully, it will also ensure that the number of sewage backups is minimized.

CITY MANAGER JEPSEN stated in response to the permit, hopefully we can take up the issue when we address how we want to handle insurance. There are companies that solicit whole cities and people to buy insurance to protect their laterals, not just the sewer but also the water laterals. Since this is a benefit to us to make sure that it does not mess up our main lines, we would want to make sure that it's

reasonably affordable so it encourages people to go through us to make sure they don't do it wrong and cause us a problem. We should look at that in conjunction with this insurance information and bring it back to Council with some kind of report.

He was always under the assumption that the responsibility for water and sewer laterals rested with the homeowners. He doesn't think anything has changed there. The intent is to provide some clarity and protection for the City facilities in passing this action. Mr. Barry brought up the issue about the damage being created by City trees. Trees that are between the sidewalk and curb typically, but not always, belong to the City. We will review that on a case-by-case basis and still assume responsibility for that damage.

He's glad we're going to bring back the issues that Deputy Mayor Sanchez raised.

COUNCILMEMBER KERN stated the only part he's not comfortable with is that we're going to approve a permit tonight without a cost attached to the permit. If we go forward with this, does it come back in 30 days?

CITY ATTORNEY MULLEN responded it will come back at Council's next meeting. Council is introducing the ordinance tonight and then will be adopting it at the next meeting. There is a subsequent 30-day time period.

COUNCILMEMBER KERN will support it tonight. However, unless he gets a cost between now and the next meeting, he probably will not vote for adoption.

CITY ATTORNEY MULLEN was looking at the City's right-of-way fee schedule. There's a \$100 fee for other permits and a minor right-of-way encroachment permit for \$500.

COUNCILMEMBER KERN stated between \$100 and \$500 is a big variance. Before it comes back for final adoption, we need a price tag attached to this so people know what they're getting into. As for assigning responsibility, City Manager Jepsen and Deputy Mayor Sanchez have covered that.

He's going to support this tonight, but if there's no permit fee he probably won't support it at the final adoption. He asked Deputy Mayor Sanchez if she made the motion.

DEPUTY MAYOR SANCHEZ responded no. She was trying not to be the one to make the motion because of the cost issue.

After titling of the ordinance, **COUNCILMEMBER KERN moved** [introduction of an ordinance amending Chapter 29, Article II of the Oceanside Municipal Code, to reflect clarifications to maintenance responsibility for private sewer connections], with the stipulation that we have a cost before it comes back for final adoption.

DEPUTY MAYOR SANCHEZ seconded the motion. She is concerned. The Utilities Commission did support this, but with the condition of looking into these other issues. She's glad that the City Manager's office is supporting that request from the Utilities Commission because they really felt uneasy about requiring people to do something that's going to cost money. How do you lessen the load and how do you ensure that there's going to be compliance?

She also wants to know how much the permit is going to be. Hopefully, it will be \$100 or less.

Motion was approved 5-0.

14. **City Council: Approval of a professional services agreement in an amount not to exceed \$939,745 with Carollo Engineers of Oceanside for the preparation of plans, specifications, and bid phase services for the Supervisory Control and Data Acquisition (SCADA) Major Upgrades Design Project; authorize a transfer of funds from Infrastructure (objects 5702 and 5703) to Studies and Reports (object 5326); and authorization for the City Manager to execute the agreement**

JASON DAFFORN, Water Utilities Division Manager, stated the Supervisory Control and Data Acquisition (SCADA) system is a computer-based program that allows us to access information on our system remotely from virtually anywhere we have an internet connection. Some of the things it provides us are real time data, such as reservoir levels, pump station levels, flows throughout the system, and pumps that are on/off throughout the entire water and wastewater system. It allows for remote operations from computers or tablets.

It also provides alarming. When we have a reservoir that is too low or too high, a pump station that is inoperable because the pumps have failed, a power outage, etc., the SCADA system is the program that actually notifies our supervisors and operators that there may be a possible situation within the system that needs their attention. It also provides historic data and can go back several years to provide us with information for flows, upcoming flow requirements and flow needs. We order water twice a day from the Water Authority, so it gives us the ability to predict what our flows may be and our needs in the future or for special events that may be occurring. It also provides information that we need for compliance and providing data to the regulatory agencies.

We currently have four large treatment facilities, two on the water and two on the sewer side. We have 34 lift stations, 11 reservoirs, 10 pump stations and 12 flow regulating stations, both on water and sewer. Within those systems, the SCADA is comprised of approximately 23 different servers/computers, over 105 Programmable Logic Controllers (PLC's), over 40 radio communication devices, 43 leased telephone lines for communication and several hundred different meters, sensors and probes that communicate to these PLC's and provide us with the information we need, as far as level indication, flow measurements, etc. It's a very complicated system.

The age of this system ranges among some of our best equipment, which includes our computers and servers. They're all about three years or older. That's some of our better and most updated equipment. The PLC's range in age from 2-28 years old. The majority of those are in the 20+ year range. He considers them as small data collection devices and small computers, so you can imagine the devices that are 20-years old are very outdated and hard to get parts for. Our radios range from 1-17 years old. The leased lines average about 17 years old.

This project will design and provide us with plans and specifications so we can upgrade our system, which will provide these very important milestones. It will provide the following:

- One single view of all of our assets - one platform and one computer-based system that will monitor the entire system, both water and wastewater
- Autonomous plant operations - servers at each plant, which will allow each plant to run independently. If there is a disconnect between the plant and our main system at San Luis Rey, we will not have any issues with data loss or data collection.
- A much more reliable communication system
- An increase in our security
- More accurate reporting for our regulatory compliance
- Upgrades and modernizing of our hardware and support system
- Development of a standards-based program for upgrades in the future when we add equipment to the plant. We have a standard that we use that's across-the-

board for all of our water/sewer plants and water/sewer systems.

- A much better redundancy within the system
- Enhancements to our alarming for when we have low or high levels, pump/power outages, etc., that need our attention
- Increased efficiency throughout the system
- Reduction of our overall costs of providing water/sewer service

DEPUTY MAYOR SANCHEZ stated this is one of the high priorities for the Water Department. It is a highly intricate, critical project. She **moved** approval [of a professional services agreement **[Document No. 14-D0070-1]** in an amount not to exceed \$939,745 with Carollo Engineers of Oceanside for the preparation of plans, specifications, and bid phase services for the Supervisory Control and Data Acquisition (SCADA) Major Upgrades Design Project; authorize a transfer of funds from Infrastructure (objects 5702 and 5703) to Studies and Reports (object 5326); and authorization for the City Manager to execute the agreement].

COUNCILMEMBER KERN **seconded** the motion. Currently, we have people in our Sewer Department who drive around all day taking readings from individual stations. He asked if this is going to get rid of that. Are you going to be able to read the flows from stations at a certain point and eliminate some of that traffic?

CARI DALE, Water Utilities Director, responded some of the reads will be able to be done through this system without the manual interaction. However, in instances with the pump stations that are pumping sewage, we have a recommendation from the Regional Board that a physical presence on a daily basis is also a good operating procedure. We will likely continue that. She asked Mr. Dafforn to comment on the rest of the efficiencies.

MR. DAFFORN responded that's absolutely correct. The intent is to try to limit some of the travel throughout the City. As Ms. Dale mentioned, the facilities that have pumps and motors require maintenance on a daily basis, such as greasing the motors and making sure that everything is operating efficiently. The intent is to try to cut back on some of that. We can't eliminate it because it's a necessary part of our operation on a daily basis to get a visual on things.

COUNCILMEMBER KERN remembers when he toured the Buena Vista Pump Station. They opened the cabinet, and it had what looked like an old EKG (electrocardiogram) paper chart that they would record things from. He asked if we are going to get rid of the paper chart.

MR. DAFFORN responded yes, and it will be on a computer and spreadsheets. That makes our reporting to the agency much better, more accurate and easier, with less mistakes.

COUNCILMEMBER KERN stated the other thing is the after-hour alarms. We have somebody that's on standby, usually out of their home. He asked if they are going to be able to get to those alarms more quickly, versus the alarm going off and going to San Luis Rey, where the San Luis Rey guy picks up the phone and calls the maintenance guy who has to run out to the particular site.

MR. DAFFORN responded yes. The intent is to have our on-call staff have a device, whether it's a tablet or computer device that gives them the alarms. They get the alarms directly from the SCADA. If they don't respond, it has a secondary within a 5-10 minute period. It will alarm a second manager and continue to work its way up the chain. The current method is for one of the plant staff to receive the alarm and make the phone call. This will make the alarming more efficient and much quicker.

COUNCILMEMBER KERN stated as costly as it is for a sewage spill, ten minutes may mean \$10,000. He supports this.

Motion was approved 5-0.

15. **City Council: Adoption of a resolution approving and implementing the Memorandum of Understanding (MOU) between the City and the Oceanside Police Officers Association (OPOA) effective February 19, 2014 through December 31, 2014**

PATRICIA NUNEZ, Human Resources Director, stated this is the Memorandum of Understanding with the Oceanside Police Officers Association. The term of the contract is one year, ending December 31, 2014. The key economic issues before Council include no salary increases; City and medical insurance rates are capped at the current rates; the employer-paid member contribution (EPMC), which has been paid by the City, is being eliminated; and the tuition reimbursement amounts have been reduced from \$6,578 to \$2,000 per year.

This contract also provides a taxable, non-PERSable stipend for each member of the union of \$3,300. It provides an increase in the Police Officers Standard Training certificate pay. It provides an increase in their bilingual pay and incorporates the Reasonable Suspicion Drug and Alcohol Testing Program.

Overall, the contract will have costs associated with it of \$880,000. There are also savings, not only this year but going into future years, estimated at \$944,000, for a net savings of \$64,000. The Police Officer's Association worked very hard with the negotiating team. We did reach an impasse at one point, but were able to come to this agreement.

Public input

LARRY BARRY, 3973 Brown Street, is glad that this worked out. CalPERS is underfunded by a billion dollars. In the next year or two the City is going to be looking for money, whether it's coming from taxpayers, etc. to make up for CalPERS being underfunded and the fact that people who retire are living longer.

The tuition cap is great, speaking as somebody who pays full price for his kids at the UC schools. With school loans, extra tuitions and grants, the price of education goes up. The same thing happens with tuition assistance.

He is thankful that the City came to an understanding with the Police union. The City is going to get hit with a huge bill from CalPERS in the next couple of years. It's going to be a disaster. If there aren't things like this new contract happening, we're going to end up like Detroit where there won't be money to pay the retirees.

Public input concluded

DEPUTY MAYOR SANCHEZ stated the number one issue for all of our residents is public safety. It's not just good for our residents; it is good for business to have a safe City. It wasn't too long ago that we had a high crime rate. We had two officers killed in the line of duty. We couldn't keep any officers. We'd train them, and then they'd leave. It was a revolving door. Now we have the best cops on our streets, and they make us proud. This is why we're starting to look much better in terms of our commercial businesses and why we have so many people now interested in Oceanside.

It's all about our frontline defenders. Our police officers and firefighters are critical to the success of the City. We have several vacancies that we have been unable to fill. We have pretty high standards for officers. She's had zero complaints. There was a time when Council was in Closed Session a lot over lawsuits. All of that has really changed. She is proud of these guys and thanks them every night for being part of Oceanside.

She **moved** approval [of adoption of **Resolution No. 14-R0071-1**, "...approving and implementing the Memorandum of Understanding [**Document No. 14-D0072-1**] between the City of Oceanside and the Oceanside Police Officers Association"], effective February 19, 2014, through December 31, 2014. She appreciates the movement that happened from an impasse to coming to a resolution for the short-term.

COUNCILMEMBER FELLER seconded the motion.

COUNCILMEMBER FELIEN stated his experience is that we have a wonderful Police Department, from comments he's received from citizens, his firsthand experience and also from going on two ride-alongs. He was overwhelmingly impressed with what he saw with their teamwork and dedication to our City. Our citizens can take great pride in our Police Department.

He also thinks it's important that citizens understand the environment in which we're negotiating these contracts. Mr. Barry talked about the CalPERS bill. We did receive our ten-year projected CalPERS bill. We're going to be getting an increase of 78% in the employer portion of the CalPERS bill over the next ten years. To our City, that's roughly \$9,300,000-\$9,800,000 that we're going to have to pay above and beyond what we pay now. That leaves us with our 20% employer portion, plus the new 15% increase on wages that the 70% increase represents, plus the 9% pension bond, plus the 9% we've charged employees that the City used to pay. This means that our out-of-pocket cash is above 55% to pay for retirement. That compares to the roughly 14% that's paid for Social Security. That's the fiscal reality we're dealing with.

Those rate increases will basically get the rates up to where they need to be and does nothing to handle the massive unfunded liability bubble that has been created over the past fifteen years due to direct and deliberate mismanagement of CalPERS to hide the true cost of these pensions from both employees and taxpayers. Depending on how you want to measure this, using the rosy numbers from CalPERS, our current unfunded liability is \$150,000,000. It's interesting that if you want to leave the system, they won't accept \$150,000,000; they want \$475,000,000 from Oceanside if we wanted to leave the system today. What is the real number? The number they'll accept a check for or the number they won't accept? He thinks the real number is the number they'll accept a check for.

When you add in the unpaid portion of our pension bonds, we currently have a retirement bubble of \$500,000,000. That's half a billion dollars of unfunded retirement for Oceanside. This is the environment that we're negotiating our contracts in. This is why he has taken a very tough line in negotiating these contracts. We don't want to go over the cliff like Detroit. We don't want to be the next Stockton or Viejo. Three more cities are going over the cliff in California with their failure to deal with the retirements. Pacific Grove is going over the cliff, and Placentia is at risk now, as well as Desert Hot Springs. As these 78% increases go to all of the other cities that are on CalPERS, you'll see dozens of cities go over the cliff. We don't want to be one of them.

He asked people to keep in mind the pressure of the situation Council is dealing with in negotiating these contracts. He's glad we were able to come to a resolution with this one, but we're going to be under pressure for the next ten years.

COUNCILMEMBER KERN complimented everybody who was involved in the process. He's sure there were tough negotiations, but he didn't get the sense of rancor that we've had in the past. Everybody understood the underlying problems that we have long-term. He complimented the bargaining unit for coming to some conclusion for at least a year. He would like two years, but we'll see where it goes.

We're in a fragile recovery. He's not sure where we're going to be in two years,

but everybody understands going forward that it's only going to get tougher. \$9,300,000 over the next ten years is a very real hit to us. Even if we kept everybody at zero for the next ten years, our labor costs are going to go up \$9,300,000. He wants everybody to realize that. We're now starting to pay for CalPERS misleading us back in 1998-99.

MAYOR WOOD stated public safety is number one in our City. It is a priority to have police and fire. All of the other employee groups got nothing and were basically told they will never get anything, until this last group that came to an impasse. Part of the reason we have a contract now with the Police Department is that it is an election year. We have a new City Manager who worked out some systems and changes, and he appreciates that.

He has always supported public safety, but he also understands what's going on. He and Deputy Mayor Sanchez were flabbergasted when they came to an agreement after the impasse. He's very proud of that. For the upcoming election year, we need to thank Councilmembers Kern and Felien for making it possible to come to a contract with the Police Department. He's sure the other employee groups are not very happy and we'll probably hear from them. For right now, we came to an agreement, and he's happy about that. Hopefully, we'll do better.

On the other hand, he's also not the kind of person who says let's abandon the ship early because we're going to lose everything to CalPERS and should give up and move on. We're not at that point right now. Hopefully, things will work out for all of us in the future. We are a big City, and he hopes we're moving in the right direction.

Sometimes he blames Oceanside as much as he blames the State and CalPERS for putting us in some of these situations where we keep paying money. A while back when the economy went bad, the State took \$14,000,000 from Oceanside and has never given it back. Hopefully, down the road when they give that back to us, it will help us pay for some of these other bills that we have pending in the future.

He thanked Mr. Jepsen for being the intermediary in dealing with staff and the Police Association to work something out.

Motion was approved 5-0.

[Recess was held from 5:00 PM to 5:15 PM]

5:00 – ROLL CALL

Mayor Wood reconvened the meeting at 5:15 PM. All Councilmembers were present.

INVOCATION – Zack Beck

PLEDGE OF ALLEGIANCE – Eagle Young Marines

PROCLAMATIONS AND PRESENTATIONS –

Presentation – Mayor's Business Member Spotlight
Off agenda – Spotlight Springhill Suites

Presentation was made

CLOSED SESSION REPORT

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

CITY ATTORNEY MULLEN reported on the items discussed in Closed Session. See Item 2A above. [Item 1 was not discussed]

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.

23. **City Council: Adoption of a resolution declaring the results of Majority Protest Proceedings and renewing the Oceanside Tourism Marketing District**

- A) Mayor opens public hearing – hearing was opened.
- B) Mayor requests disclosure of Councilmember and constituent contacts and correspondence – Mayor Wood and Councilmembers Feller, Felien and Kern reported contact with staff and public; Deputy Mayor Sanchez reported contact with public.
- A) City Clerk presents correspondence and/or petitions – correspondences received and distributed to Council.
- C) Testimony, beginning with:

TRACEY BOHLEN, Economic Development Manager, stated we are here tonight to look at renewing the Oceanside Tourism Marketing District (OTMD). As of November, we had 84.18% of the rate payers petition the City to renew the OTMD. Tonight, we received one additional protest. We have a total of four protests received by the City Clerk's office, totaling .80% of the total vote. Therefore, a majority of the rate payers have not protested the renewal of the OTMD.

Council is being asked to adopt a resolution declaring the results of the majority protest proceeding and renewing the OTMD. The process to renew the district included three steps to Council. The first was on November 20, 2013, where Council adopted the Resolution of Intention to renew the district after receiving an 84.18% majority of the rate payers petitioning Council to renew. The second meeting occurred on January 8, 2014, where Council heard comments from the public. The final meeting is tonight, where we are asking to renew the Tourism Marketing District.

This is a ten-year renewal that will start after the current TMD expires. This is set to start on April 1, 2015. It's going to run for ten years. It'll include all vacation rentals and hotel rooms. The assessment will be exactly the same as it is now, at 1.5%. This is not doubling the percentage; it's a static 1.5% from what the TMD is now. This renewal will earmark tourism marketing dollars for the next decade, which is great progress for Oceanside.

Her recommendation to Council is to renew the OTMD.

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

COUNCILMEMBER FELLER moved approval [of adoption of **Resolution No. 14-R0073-1**, "...declaring results of Majority Protest Proceedings and renewing the Oceanside Tourism Marketing District"].

COUNCILMEMBER FELIEN seconded the motion.

DEPUTY MAYOR SANCHEZ stated the question is not whether we should do this Transient Occupancy Tax (TOT); instead, it's should it go to the General Fund or to this endeavor? She has been very pleased with the performance. We've had a lot of really great events as a result of this. She doesn't know how you would judge it, but it seems that it's been exponential the way things have moved in a positive way for the citizens of Oceanside and the City, in terms of being that destination place.

Other cities have raised their TOT. Every city has. We have been holding back. This is a very good investment for all of the citizens of Oceanside, as well as the

businesses. People coming to Oceanside means business for everyone, with State tax, spending money in restaurants, etc. That is always going to come back in a positive way to our citizens.

She thanked staff for this wonderful project and opportunity.

COUNCILMEMBER FELLER stated this has been ongoing for a couple of years. We're not just now raising tourism tax. This is something that we've approved and staff has succeeded at. Hopefully, staff is going to succeed better with the same amount of money.

MAYOR WOOD acknowledged Leslie Gaul, staff and the Board members for doing a wonderful job. He knows it takes more than one person. He's seen all of the advertisements from around the United States and different cities like Las Vegas, etc., highlighting what there is to do in Oceanside when visiting. People tell him that they see the advertisements all around the nation. That's a big deal. It brings people to our City, beaches, etc.

MS. GAUL thanked Council, staff and everyone involved in making this happen.

Motion was approved 5-0.

24. **City Council: Adoption of a resolution approving General Plan Amendment (GPA12-00003) to change the land use designation of APN 160-270-12-00 from Light Industrial (LI) to High Density Residential (HD-R) and General Commercial (GC); introduction of an ordinance for Zone Amendment (ZA12-00003) to change the zoning designation of APNs 160-270-12-00 and 147-061-03-00 from Limited Industrial (IL) and Single-Family Residential (RS) to Planned Development (PD); and adoption of a resolution certifying the Final Environmental Impact Report for the Mission Cove Affordable Housing Project – MISSION COVE – APPLICANT: National Community Renaissance**
- A) Mayor opens public hearing – hearing was opened.
 - B) Mayor requests disclosure of Councilmember and constituent contacts and correspondence – Mayor Wood reported contact with staff, Housing Commission, Housing Department and public; Deputy Mayor Sanchez reported contact with the Housing Commission, staff, public and the developer; Councilmember Feller reported contact with staff and public; Councilmember Felien reported contact with staff, public and project employees; Councilmember Kern reported contact with the applicant, staff and public.
 - C) City Clerk presents correspondence and/or petitions – none.
 - D) Testimony, beginning with:

RUSS CUNNINGHAM, Senior Planner, stated on December 16th of last year, the City's Planning Commission approved the required entitlements for a mixed-use affordable housing development known as Mission Cove. The project constitutes a public-private partnership between the City and two affordable housing developers, National Community Renaissance and Community Housing Works. Implementation of this project is contingent upon Council's approval of General Plan and Zone Amendments that would accommodate both residential and commercial uses on the project site, as well as Council's certification of the final Environmental Impact Report (EIR) for the project.

A computer graphic was used to show the project site. It's 14.59 acres on the south side of Mission Avenue between Carolyn Circle and Foussat Road. The site is comprised of two properties: a 14.47-acre vacant parcel constituting more than 99% of the project site and currently bearing Light Industrial (LI) Land Use and zoning designations, and an abutting 6,000-square-foot lot addressed on Carolyn Circle. That property is currently bearing single-family Land Use and zoning designations.

The project site was acquired by the City in 2006 for the express purpose of accommodating affordable housing. It is to remain under the City's ownership following implementation of the project, as established in a Development Agreement approved by Council in 2012. The project would implement 288 income-restricted rental units for low-income families and senior citizens, along with 10,435 square feet of ground floor commercial space and facilities for both child and adult daycare programs.

The family housing component of the project would be sited primarily within the western half of the project site, which would also accommodate a resident resource center and a leasing office. The senior housing component is contained within a single atrium building located in the center of the project site. A commercial component would comprise the ground floor of a mixed-use building located in the eastern half of the project site. Above this commercial component would be two additional stories containing 26 family apartments.

The project before Council is the product of the public planning process that began in 2009 with three community workshops conducted by Housing staff and RRM Design Group. These workshops were intended to inform stakeholders of the City's intentions for the property, to address stakeholder concerns/questions and to solicit stakeholder input on a project design. These workshops resulted in the Mission Avenue Affordable Housing Mixed-Use Development Vision and Strategic Plan. This plan includes a vision statement, planning principles, development guidelines and a preliminary preferred alternative, all meant to ensure first and foremost that the land use and development of this site be compatible with the adjacent single-family neighborhood, both visually and functionally.

Approved by Council in March of 2010, the Vision Plan provided the basis for the Mission Cove Planned Development Plan and it has since been a key resource for staff in our review of the proposed project. Tonight, we recommend that Council approve the Land Use and Zone Amendments necessary to implement the Mission Cove project and that Council also certify the associated environmental document.

Before Council is a resolution that amends the General Plan land use designation of the 14.5-acre parcel, changing this property's designation from Light Industrial to High Density Residential and General Commercial. This change would enable residential densities approaching 20 dwelling units per acre, ground level commercial uses in the mixed-use building and the aforementioned child and adult daycare operations. The single-family property on Carolyn Circle, where drainage facilities would be sited, would remain under its current Land Use designation.

Also before Council is an ordinance that amends the zoning designations of both of these properties, changing the zoning of the larger site from Limited Industrial to Planned Development and the zoning of the 6,000-square-foot single-family lot from Single-Family Residential to Planned Development. These changes would place both of these properties under the purview of the Mission Cove Planned Development Plan.

There is a second resolution before Council that would certify the Environmental Impact Report. That certification essentially attests to all environmental impacts associated with the project being mitigated to less than significant levels. This project is consistent with General Plan policies and zoning standards. It meets federal requirements for development within a designated flood plain, as well as regional standards for storm water management. The project mitigates impacts related to cultural resources, biological resources and geology to less than significant levels.

Finally and most importantly, the project fulfills the promise that this City made to stakeholders roughly five years ago with the adoption of the Vision Plan. That Vision Plan and process assured stakeholders that this project would be a good neighbor; that it would be compatible with the adjacent single-family neighborhood; an attractive addition to the Mission Avenue streetscape; a balanced mix of land uses that would

bring both vitality and stability to this segment of the Mission Avenue corridor, with generous setbacks from the adjacent single-family properties; a high-quality terraced architecture that evokes Mission San Luis Rey; ample and conveniently located parking spaces; abundant open space and landscaping; and a site design that promotes engagement among residents, natural surveillance of common spaces and safe, and intuitive pedestrian access.

We believe this project will be a good neighbor as promised. We recommend approval of the requisite Land Use and Zone Amendments, as well as certification of the final EIR.

Public input

WILLIE LITTLE, 3201 Mesa Drive, stated one of his concerns is that they're building in this area and he hasn't heard anything concerning flood insurance. The property he has on Carolyn Circle is in a flood zone, and he's paying flood insurance. The new people coming in are going to be exempt from any kind of flood insurance. He doesn't think that's right for the residents in that area.

He's seen projects go up in Oceanside. They look good from the beginning, but ten years out they turn bad. Affordable housing can only go so far. Somewhere along the line we have to do business the right way. That means having housing that allows people to stand on their own.

He hopes Council is looking at what was missed with the flood insurance when they make their decisions. If they don't, shame on them for leaving us out in the cold. They lay some bricks down and say they've raised the level a couple of inches, and new residents don't have to have flood insurance. In the meantime, he's been there for years and still has to pay.

MAYOR WOOD asked if when this project is built there will be some sort of drainage as part of the system to help the people behind it on each side of that area.

MR. CUNNINGHAM responded this project is consistent with Federal Emergency Management Agency (FEMA) standards that require that projects in a floodplain establish building pads that are at least one foot above what is considered the historical Base Flood Elevation (BFE) in this area. This project does conform to that. Homes like those on Carolyn Circle that are also in the floodplain and are not elevated are subject to flood insurance requirements and continue to be.

MAYOR WOOD asked if this project will help that flooding situation. He assumes it will because of the drainage they'll have there. He remembers the area from years back. The flood area was generally out in that field where they're going to build. He assumes that will help the situation in the surrounding neighborhoods. The speaker's point is whether he's still in the flood control channel area and does he pay insurance for it? Will this help or benefit him in the future?

MR. CUNNINGHAM responded this project wouldn't have any particular bearing on that, but he can say confidently that drainage on this site will be vastly improved from the current condition.

CITY MANAGER JEPSEN stated this project will probably neither benefit nor harm the existing drainage conditions in the Valley. Until we get certification and completion of the Corps of Engineer's project, everybody that's designated in that floodway will be required to carry flood insurance if they have a mortgage. It's at the lowest rate that's available through FEMA.

We're working on it. It's one of the items that Deputy Mayor Sanchez is going to address on the trip back to Washington D.C. Is that correct?

DEPUTY MAYOR SANCHEZ responded yes.

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

DEPUTY MAYOR SANCHEZ stated that regarding the flood insurance issue, the factor is that we do not have control over the San Luis Rey River. It's still under the authority and control of the Army Corps of Engineers. This Army Corps project should have terminated. It should have been a finished project decades ago. What she hears is that with this project, there is a lot more investment in it in terms of making sure that it is higher and is not going to contribute to any kind of flooding.

She knows the speaker is concerned that people should be paying into some kind of flood insurance. His question was will they have to pay flood insurance?

MR. CUNNINGHAM responded they will not.

DEPUTY MAYOR SANCHEZ stated it's because more investment was made in insuring that we have higher standards and that they're meeting those standards; that in those higher building standards we are not contributing or creating a flood issue. That doesn't help the speaker, but for this project, we're focused on whether or not this is the best project that we can have for what Council had envisioned.

This is one of the best projects she has ever seen. This is a green, sustainable, high-quality project. We lucked out in terms of having a high-quality developer in the first place and to have these high-quality designs being incorporated. She loved the computer graphic depictions; to be able to see a courtyard that is designed for the gathering of people and for people to watch out for each other and have that pedestrian feel. She's sure there will be a lot of places to park bicycles in this project.

She hopes this is what other projects will look like for our citizens. We don't have a lot of large parcels anymore, but it's the notion that this is a gathering place, a living space and a community-type of space. She commended both staff and the developer.

She **moved** approval [of adoption of **Resolution No. 14-R0074-1**, "...approving a General Plan Amendment (GPA12-00003) for certain Real Property located on the South side of Mission Avenue between Carolyn Circle and Foussat Road (APN 160-270-12-00) (Applicant: National Community Renaissance)", to change the land use designation of APN 160-270-12-00 from Light Industrial (LI) to High Density Residential (HD-R) and General Commercial (GC); [introduction of an ordinance for Zone Amendment (ZA12-00003) to change the zoning designation of APNs 160-270-12-00 and 147-061-03-00 from Limited Industrial (IL) and Single-Family Residential (RS) to Planned Development (PD)]; and [adoption of **Resolution No. 14-R0075-1**, "...certifying the Final Environmental Impact Report and adopting the findings of Fact and Mitigation and Monitoring Report for Mission Cove (Applicant: City of Oceanside)"].

MAYOR WOOD seconded the motion. This is a great project. He's sorry it's taking so long. The economy and the State really put us all in trouble. We're pushed heavily by the State and the San Diego Association of Government (SANDAG) to do affordable housing. Unfortunately, no matter how much we build, it doesn't seem to be enough.

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

MAYOR AND/OR COUNCILMEMBER ITEMS

25. **Request by Mayor Wood to make appointments to or motions for removal from some or all of the City's Advisory Groups**

With the Council's concurrence, the following appointments are now being made:

Term Expires

ECONOMIC DEVELOPMENT COMMISSION

Appoint Tyrone Matthews as Reg: Community at Large (Replacing Hugh LaBounty) 9/26/2015

HISTORICAL PRESERVATION ADVISORY COMMISSION

Reappoint Philip Buccola as Reg: Civil Engineer 7/1/2016

LIBRARY BOARD OF TRUSTEES

Appoint Max Disposti as Regular (Replacing Marie English) 12/31/2016

PARKS & RECREATION COMMISSION

Move Brian Crewe to Regular (Replacing E. Charles Adams Sr.) 7/1/2015

Appoint Thomas Frankum as Regular (Replacing James Stumpf) 7/1/2015

UTILITIES COMMISSION

Appoint George Murray as Regular (Replacing Harris Schurmeier) 7/1/2014

MAYOR WOOD stated by request from Councilmembers Feller and Kern, he removed a particular person off the Utilities Commission. He submitted the same list, and Council has had more than a week to look at it. He **moved** [to make appointments to or motions for removal from some or all of the City's Advisory Groups].

DEPUTY MAYOR SANCHEZ seconded the motion.

Motion was approved 5-0.

- 26. **Request by Mayor Wood for the City of Oceanside to provide staff resources, use of City vehicle and available driver, and nominal funds for lunches when hosting the delegates from our Sister City of Fuji, Japan, from March 25-March 28, 2014**

MAYOR WOOD stated there will be three delegates from our Sister City, Fuji, Japan, visiting Oceanside. We get a lot of visitors from Fuji, mainly students and other people from the schools. These will be delegates from the country and the City. They're looking into several activities, and we'll have an agenda for them.

When he visited Japan, they treated him like royalty. They treated us first-class and picked up everything. He'd like to have some resources and wants to make sure Council is onboard, as well as the City Manager. These representatives will be staying from March 25th to March 28th. He would like to have them stay someplace, with vehicles and drivers like they provided to us, plus nominal funds from the City to pick up their lunches while they are staying in Oceanside.

The activities will be set up between the delegates and staff. Education,

promotion, travel, business and interaction with Oceanside are the main reasons for their travel to our City. What he found out from previous visits is that it's cheaper for Japanese students to go to college here in the United States than it is in Japan. They're looking for higher education at places like MiraCosta College, Palomar College and Cal State San Marcos. The students that we see visiting Oceanside every so often are very high-end. They are well-educated and talented.

He asked Council to approve this with a minimal amount of money to supply a driver, etc. It's a win-win situation for all of us, with the cultural aspects, etc.

He **moved** [for the City of Oceanside to provide staff resources, use of City vehicle and available driver, and nominal funds for lunches when hosting the delegates from our Sister City of Fuji, Japan, from March 25-March 28, 2014]. He's sure they're the type who don't spend a lot of money. Prior to this, when people from the Japanese cities came over, the Sister Cities Foundation would buy the visitors dinner one night. The next night we would do it for them. That was mainly with the students and people traveling with them. He hopes we treat them the way they treated us.

COUNCILMEMBER KERN seconded the motion.

DEPUTY MAYOR SANCHEZ stated we once had a Sister Cities Foundation. It was 22 years, and it felt like a tradition. With the dissolving of the Sister Cities Foundation, what we have left is the celebration that we have every year with the American Samoans. They've really kept that alive, and it's been wonderful to have that from our Samoan community. This is different, but it's just as important to maintain the Sister Cities activities. The Mayor is suggesting a nominal cost of about \$2,500. We get a lot from this. She supports the motion.

COUNCILMEMBER FELLER stated they typically treated us to everything except flying. Once we were there, they helped us with our rooms, transportation and meals. He doesn't know what this is going to cost, but we need to leave it open a little for the City Manager to calculate. They are gracious guests and even more gracious hosts. He supports this.

COUNCILMEMBER FELIEN stated he's generally supportive. We need to maintain our Sister City relationship. He's just confused on one point. Who is paying for the lodging? Is that part of this request or are they getting it on their own?

MAYOR WOOD responded generally speaking, our hotels will provide them a stay.

COUNCILMEMBER FELIEN asked so we're not covering that part?

MAYOR WOOD responded no.

COUNCILMEMBER FELIEN stated the rest of it seems very miscellaneous. He has no problem supporting it.

CITY MANAGER JEPSEN stated it's a great idea. He's looking forward to the cooperation, particularly with MiraCosta and the possibility for student exchanges. That's exciting.

MAYOR WOOD thinks there's just three coming so we won't need a big vehicle. On the other hand, when he was in Japan, they provided us with a bus, translators, and a policeman or fireman was always the driver. He asked if we can leave it to the City Manager to handle it or do we need a vote?

CITY ATTORNEY MULLEN responded the Mayor has given direction to the City Manager. You don't need a vote, unless the City Manager wants one.

27. **Request by Deputy Mayor Esther Sanchez to address the increasing number of alcohol licenses to fast-food restaurants; direction to staff** *(Continued from February 5, 2014)*

DEPUTY MAYOR SANCHEZ stated that in finding out about some of the businesses that have applied for licenses, she has learned that we are beginning to have more licenses requested by fast food restaurants. Most of the staff at fast food restaurants are students from high school.

In talking to the regional director for Alcohol and Beverage Control (ABC), she found out that there is no difference in licenses that are given out to regular, sit-down restaurants than to a fast food restaurant. These rules and regulations have been in place for decades. No changes have taken place. At a fast food restaurant/drive-through, you can't order your beer or wine at the window. However, you would be able to get out of your car and order it. If a fast food restaurant wanted to, they could put in a refrigerator and sell it by the bottle, six-pack, etc.

More fast food restaurants are applying for liquor licenses. We have at least five now within the City. While that's not a lot at this point, we probably have several hundred fast food restaurants in Oceanside. Her concern is that we do not have a policy on reviewing this. We're actually pushing this down to the Police Department to come up with a policy, as well as enforcement. She doesn't think that's fair to the Police Department. We should look at this and have a public process on what it should be.

What rules should be in place, in terms of whether or not we're going to allow every single fast food restaurant in Oceanside to be able to sell alcohol? That puts a lot of responsibility on the people working to be able to know when to stop serving. We don't have any kind of education requirements. A lot of kids end up congregating in fast food places. It's not designed or set up as a place where you should be able to drink. It also changes the image for the City.

Having microbreweries and destination places for Oceanside as part of our tourism is something that she supports, but having every fast food restaurant be able to get a liquor license bothers her. The latest one actually had a license for a few years, decided to let it go and is now applying again. That is special to that establishment. She's talking about all of these potential fast food restaurants where the presence of alcohol is mixing with younger folks congregating unsupervised.

Alcoholism is definitely an issue for any community. There is also the impact to our policing resources. This is something we should look into. She **moved** [to establish a policy through a public process to address the sale of alcohol by fast-food restaurants].

Public input

ERICA LEARY, 1000 Vale Terrace, Vista, is the Program Manager of the North Coastal Prevention Coalition. We work in the cities of Carlsbad, Oceanside and Vista to reduce the harm of alcohol, tobacco, marijuana and other drugs. She is also an 18-year resident of Oceanside. She appreciates Deputy Mayor Sanchez bringing this issue up. In her brief review of the ABC website, Oceanside currently has 274 retail alcohol establishments. That includes both stores and restaurants. That includes approximately 57 that are off sale beer and wine, which is typically convenience stores, gas stations and 7-11 stores; 54 that are off sale general, which are supermarkets, Walmart Neighborhood Markets and liquor stores; 98 on sale beer and wine establishments that includes Denny's, Chipotle, Submarina and Teri Café; 38 on sale general establishments that are restaurants with a full alcohol license; 8 public premises beer and wine establishments where no minors are allowed; and 5 public premises general establishments that are full liquor where no minors are allowed.

The ABC recognizes the authority of local cities and also encourages them to adopt zoning ordinances using their land use authority, such as Conditional Use Permits (CUP's) or approved ordinances that several San Diego cities are looking at to regulate businesses within their jurisdictions. These ordinances help establish community standards for operation and provide local code and law enforcement officials with additional tools to address local concerns.

Oceanside doesn't have a comprehensive approach to this as of yet. They have limited CUP requirements for certain types of businesses. The recent Walmart opening provides an example of why it might be a good idea. The ABC has limits on what kind of conditions they can place on businesses. They were able to restrict outdoor advertising of alcohol, but could not impose any conditions about the internal displays. Walmart management had said they would keep alcohol isolated in a specific area of the store, but since they've opened they have apparently changed their minds because alcohol is stacked in various locations throughout the store. The City has no teeth to follow through with them.

Deputy Mayor Sanchez is correct in that the ABC sees these licenses as very similar in where we could impose additional rules and regulations for our citizens.

Public input concluded

COUNCILMEMBER FELLER stated when he bought Port of Subs in 1994, the prior owner had a beer and wine license. He questioned that because it was a sit-down restaurant, but it's fast food. It wasn't a big part of the business, but Councilmember Feller probably lost a lot of money by letting the ABC license go.

He's not sure that we are being fair if we regulate restaurants, unless they have a drive-through window or that type of setting. He doesn't know how to figure this out so that it would be fair to existing small sit-down restaurants, considering that we just opened Hello Betty's. We have other restaurants throughout the City that are sit-down, like Anita's. If it has a drive-through window, he could see doing something there.

The other thing with his restaurant was that he would have needed somebody 21 years of age there all the time to sell alcohol. There are a lot of regulations involved with owning a business that sells alcohol. That's not only by our Police Department, but also by the ABC.

If we can work something out that says that drive-through restaurants can't have alcohol sales, maybe that's something to look at.

MAYOR WOOD seconded the motion. He's sure that Deputy Mayor Sanchez is working with staff, ABC, the Police Department and some other groups on this.

DEPUTY MAYOR SANCHEZ stated that's right. She means to have a whole public process. Addressing Councilmember Feller's comments about sit-down restaurants, this wouldn't apply to sit-down restaurants. We would have to work on a definition to make sure that it doesn't impact the restaurants.

COUNCILMEMBER FELLER stated there are a lot of fast food sit-down restaurants.

DEPUTY MAYOR SANCHEZ stated Jack-in-the-Box is a sit-down restaurant too. Coming up with this definition is what she would like to see be part of this process.

COUNCILMEMBER KERN stated that's the most important part, you have to have a definition. We have a lot of limited service restaurants that serve alcohol. You walk to the counter, order your food, sit down and they bring it to you. It's a limited

service, but it's not fast food.

One of the easy definitions is if it has a drive-through window, they would not be able to sell alcohol. He has no problem with that. What it takes and what our definition of fast food is will be the hard part. As Councilmember Feller said, if it has a drive-through window we probably shouldn't be doing it. That is definitely fast food, where you don't get out of your car. You order, grab it and you're gone.

He got little confused when we started talking about Walmart. We need to focus on what we're talking about. If we're going to do this, we're going to define what a restaurant is, and what types of restaurants they are. Then staff would come back with some type of definition and have the City Attorney draw up something that will actually be enforceable. That's the other part of this. We can make all the rules we want, but we need to be able to enforce them and make them stand up in court.

He commended Deputy Mayor Sanchez for bringing it forward so we can start working on the process.

CITY ATTORNEY MULLEN stated that if we're doing this through a zoning process, which it sounds like Council is interested in doing, and we come up with a Conditional Use Permit process so that Council has authority over these kinds of establishments, you're probably not going to be regulating the pre-existing, approved businesses. There was a comment before about it not being fair to existing businesses. As the speaker mentioned, there are cities that have approved requirements. That's not a CUP; that's operational requirements for pre-existing businesses. For future businesses, it would be through new CUP's. Existing businesses would probably not have to get a CUP.

COUNCILMEMBER KERN stated that's the process, and it will work its way out. We'll find out exactly what we're talking about when we get there.

COUNCILMEMBER FELIEN would need more information. He asked the City Manager if when the ABC is issuing these licenses, aren't they already factoring in all of these issues in terms of whether it's a drive-through restaurant, whether there are primarily underage people as employees and the issues we all share in terms of wanting to make sure alcohol is consumed by those who are legally entitled to consume it? He doesn't understand the loophole that we're filling, where the people who are responsible for this specific issue aren't somehow addressing it.

He asked if when the ABC is considering a license for an establishment, are they factoring in other establishments already? Are they factoring in density in any way or are they just factoring each application as a stand-alone issue?

CITY MANAGER JEPSEN responded those are on-point questions. As he understands it, you have to have a reason to turn it down, otherwise it's deemed approved. He asked the Police Chief to address Councilmember Felien's questions.

FRANK McCOY, Police Chief, explained there is a process that when a business wants to apply for an alcohol license, obviously they do that through Alcohol and Beverage Control. Once that application is submitted, Alcohol Beverage and Control sends a notice to our City Clerk's office. They also send a letter to the Police Department. During that process, they look at a couple of things: the saturation of alcohol licenses in that particular census district and crime in that reporting district.

When we talk about alcohol licenses in that census district, we're talking about like-alcohol licenses. If it's a restaurant, there are a certain amount of restaurants that can be in a census district. If it's a bar, there's a certain amount of bars that can be in a census district. If it's a grocery store, there's a certain amount of grocery stores that can be in the census district. They all have different types of licenses. Once they look

at that criteria, if it is in a low crime area and that particular area is not oversaturated, then there really is no reason for them not to approve that license.

The only time that the approval comes into question is if one or both of those two items come into play. If it's a high-crime area, and/or if there's an oversaturation of licenses, then there would have to be a public necessity consideration/process.

CHIEF McCOY introduced Sergeant Houston Alvis, who works in our Special Enforcement section, and Lieutenant Adam Knowland, who is the lieutenant in charge of our Special Enforcement section. Lieutenant Knowland is the one who receives all of the letters from ABC in relation to businesses that are looking to apply for licenses here in our community. He is the one who does our assessment within the Police Department about crime issues associated with those particular areas. Sergeant Alvis and his crew are the one's responsible for working with ABC when we coordinate efforts for insuring that compliance with businesses.

MAYOR WOOD stated one of the things he'd like to have answered is regarding drive-through, fast food-type restaurants. He asked if we get many of those and do we even approve them.

CHIEF McCOY responded he's never heard of a drive-through restaurant that has an alcohol license. However, he did ask the coordinator/ABC agent in charge of this area. She said there are two in the State. They can have ABC licenses, but they just can't serve alcohol through the drive-through window. If somebody had a drive-through restaurant as well as a counter area, somebody who wanted alcohol would have to go inside, order their alcohol at the counter area and consume it inside the business. They could not sell alcohol from the drive-through window.

DEPUTY MAYOR SANCHEZ asked if they could sell it from a store.

CHIEF McCOY responded if somebody went to a grocery store they could.

DEPUTY MAYOR SANCHEZ asked if they could sell it from the drive-through restaurant. They don't distinguish between restaurants.

CHIEF McCOY responded correct. They could sell it from the counter from within the restaurant, but it's for onsite consumption only. They couldn't buy it and walk out with it.

DEPUTY MAYOR SANCHEZ spoke with the same agent from the ABC and she said it's the same license as any other restaurant, which means that you can set up a refrigerator and sell for offsite consumption. Of course we have our rules about transporting open containers, so it would be a closed container. That is an additional problem for us.

CHIEF McCOY stands corrected. They do have licenses where they can sell for off sale. Usually, the price of their alcohol is at the level that it wouldn't make sense to purchase it there, if that's what their purpose is. It would be more economical for them to go to a liquor store or grocery store.

DEPUTY MAYOR SANCHEZ has spoken to Roddy from the Flying Pig, who told her he could sell for offsite consumption, but it's not his business model. He is also concerned about the idea of fast food establishments having alcohol and being able to buy it. It is a concern in terms of the impact to the community.

CHIEF McCOY clarified if a drive-through restaurant were to have an alcohol license and they did have that off sale opportunity, they still would not be able to sell through the drive-through.

MAYOR WOOD stated at some point City staff, the Police Department and ABC can talk about this and get us the factual details.

COUNCILMEMBER FELIEN stated after hearing the process, it seems really thorough. He doesn't understand what hole we're trying to fill here. It seems that they've factored in the issues we talked about, such as access by under-aged employees, the issue of whether or not people are going to consume and go on the road, the density of other establishments that have licenses, etc. He still doesn't understand what problem we're fixing that they're not covering. He asked Deputy Mayor Sanchez to clarify that for him.

DEPUTY MAYOR SANCHEZ responded the Police Department is not set up to set policy. That is in our purview as a Council. She's asking for Council to establish a policy. We just heard that they can't stop someone if a drive-through restaurant wants to sell alcohol. You cannot get it through the window, but you can park, come in and get your beer or wine after-hours if you've just left a bar and you've got the munchies and you want to continue drinking, and possibly driving. Those are the things that are not being addressed through this process.

We've got the Police Department, which is enforcing our laws, and Council that establishes policy. Angelo's is a drive-through that does have a liquor license. We have several fast food establishments that have liquor licenses. She's wondering if that is where we want to go. There are potentially 300-400 fast food establishments in Oceanside. Do we really want to see this as a pattern/trend, or is this something that we want to at least say for fast food, however we define fast food, it should remain fast food?

She heard there was a bet going on to see which of the regular fast food hamburger places would be the first one to get a liquor license, like Carl's Jr., etc.

COUNCILMEMBER FELIEN asked the Police Chief if he thinks there's a hole here that we need to fill that the ABC isn't adequately addressing. Is Deputy Mayor Sanchez on the mark and the City policy needs to address something that's not being adequately addressed to protect our citizens?

CHIEF McCOY responded that would be a hard question for him to answer. As Deputy Mayor Sanchez indicated, the Councilmembers are the policy-makers of the City. At this point in time, we don't have an abundance of restaurants that are fast food. We have about 18 restaurants in our City currently that sell alcohol and don't have a waiter or waitress who brings those items to your table. That would be a policy call.

Could McDonald's sell beer? They could under ABC's definition of a restaurant. Will they? He doesn't know the answer to that question. As it stands today, he doesn't see an overwhelming push for fast food-type restaurants selling alcohol. We do have some. We have one that will be coming forward that had sold alcohol before, but we don't have 20-30 of them waiting for us to review.

COUNCILMEMBER FELIEN asked the City Clerk to re-read the motion we're going to vote on.

DEPUTY MAYOR SANCHEZ stated the motion was that we establish a policy through a public process that would include ABC, the Police Department, members of the public and businesses to come up with a policy regarding the sale of alcohol by fast food establishments.

COUNCILMEMBER FELLER stated you're talking about somebody in a restaurant selling a six pack of beer for \$15. You only allow consumption onsite. There's no off-sale of single bottles to walk out the door right now. Lieutenant Knowland is very familiar with a couple of places that have been trying to get single

sales, and they are grocery stores. You don't allow single sales in the new policy right now. That is not an issue in any of these fast food places.

He will go along with this, but the Police Department out-of-hand rejects almost every application until they come back and meet the conditions of ABC. That's how he's seen it go. They look at it and won't approve it until they meet the conditions that we set.

CHIEF McCOY stated it is a little different from what Councilmember Feller is speaking about in these particular types of restaurants. When somebody comes in as a retail business that's selling alcohol, they have to go through the Conditional Use Permit process, and we can put restrictions on there. These types of facilities don't fall under the matrix that Councilmember Feller set up.

COUNCILMEMBER FELLER stressed that there needs to be equity somewhere. A market on Oceanside Boulevard wants to be able to sell singles. It's a restaurant as well. He can sell singles for consumption, but he can't sell singles going out the door. That's why this really has to be looked at and why he's supporting what Deputy Mayor Sanchez is trying to do.

MAYOR WOOD reviewed that Deputy Mayor Sanchez is asking for something to come back and be reviewed by the Police Department, ABC, businesses, etc. They might change the law or come back and say there's no need for any change.

CITY MANAGER JEPSEN stated this is a policy issue. It's an interesting discussion that could probably go on for quite a while as we're trying to define what a fast food restaurant is. He's heard everybody say we don't want fast food restaurants that have drive-up windows serving alcohol. We've got some grandfathered in. Somebody said there are 18 establishments that would be classified as fast food.

CHIEF McCOY clarified not with drive-throughs.

CITY MANAGER JEPSEN agreed not with drive-throughs, but restaurants that would be grandfathered in. Perhaps we could look at those 18 establishments and see what's unique and different about those, but just start by dealing with the drive-throughs. It helps to simplify this as a starting point.

MAYOR WOOD stated it seems simple, but we've talked a long time because not all of us know the law. Deputy Mayor Sanchez is trying to say we don't want people selling alcohol from drive-through window-type businesses. Legally, if they got through the system they could. We would have to be policy-setters if we don't want those in our town.

We want input from groups other than just Council and the Police Department. We'd like to say it's going back to the City Manager's staff and then we'll get together with the Police Chief and his designees. The ABC people would get public input. They would come back to us in a period of time and have a good understanding of what we don't want, which is the drive-through, window-type alcohol sales.

This is simple enough to send forward with the City Manager's recommendation. He'll look at it and get back to us. He has a rough idea after listening to us.

DEPUTY MAYOR SANCHEZ stated it has started; there's an increase and where do we want to end up? If we start now, then it's much more fair.

MAYOR WOOD stated we have support from everybody, including the speaker in the audience. The motion is to send it to staff and get back to us.

DEPUTY MAYOR SANCHEZ agreed.

MAYOR WOOD stated we want the City Manager to have staff look at this with all of the other people, then come back and say if this is a problem. If we have a motion saying we don't want drive-through window alcohol sales, then along with the City Manager's findings we'll make that decision as policy makers. It may not be the case.

He asked the City Manager if he wants a motion and a vote on it.

CITY MANAGER JEPSEN responded we've already got a motion and a second, so Council might as well vote on it. The only question he has is, rather than trying to blanket the universe, since we agree that we don't want this for drive-up windows at fast food restaurants, let's start with that and see how it goes. Then we can come back and look at what's unique about these other 18 establishments, if that's all right.

DEPUTY MAYOR SANCHEZ has had the opportunity to speak to ABC. She probably should have had somebody from ABC here to address some of the points that she brought up.

MAYOR WOOD stated as far as the discussion of her points, there's no doubt in his mind that the Police Chief, ABC, etc. will be talking to Deputy Mayor Sanchez about it. She will get all of her input.

DEPUTY MAYOR SANCHEZ does hear that as a starting point, fast food restaurants that have a drive-through window should not be selling alcohol. She would like to see if there can be discussion as well, to see if there is something else that we can agree on as to the definition.

Motion was approved 5-0.

[Recess was held from 6:50 PM to 7:00 PM]

PUBLIC COMMUNICATIONS ON OFF-AGENDA ITEMS

No action will be taken by the City Council/HDB/CDC/OPFA 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

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

PAT ELLINGER, 4452 Old River Street, has been an Oceanside resident since 1991. He is a survivor of the ill-fated aviation flight school experiment in the late 1990's. The planes are overhead from 6:00 AM to 10:00 PM on most days, especially on the weekends. He admires the necessary job that Council does.

What brings him here tonight is that there was an article in the *Union Tribune* stating that noisy, low planes irked Eastlake residents. He doesn't like noisy leaf-blowers, but they only last five minutes and it's usually not every day. Recently, there was an airplane from the Municipal Airport circling his house. He suspects, based on his past experience, that it was probably a rental. The Federal Aviation Administration (FAA) is responsible for making sure that airplanes have an airport to take off and land safely. When you talk to them about noise, they may say something about it, but they're not going to do anything about it.

What's important is to have a noise abatement program that works. He knows from past experience that the planes have to take off to the west, follow the river, go out to sea and get up to altitude. They can't do that when there's fog, so they have to go the other way. Council is responsible for the noise abatement here. He knows

Council hired people to run the airport. He doesn't know what they do with their leases, but it seems that in terms of following the river, if a pilot cannot bank his plane so that he can see how the river curves, he doesn't do very well. Maybe there ought to be a test before you give a pilot a lease to use this airport.

The thing that should be prohibited is touch-and-goes. It should be in the lease that it's not allowed. Otherwise your lease is cancelled. They also shouldn't allow people to rent. Some people get a plane, and they want to defer the cost by renting it to people, but you don't know who the pilot is. How are you going to check that?

He's not against airports. Most pilots are courteous and polite, but there are some who like to go up and down and circle around. Council is responsible for the Municipal Airport. He asked Council to get the managers to make sure that there are provisions in the leases so you can cancel a plane that's not obeying the rules. That would be good.

COUNCILMEMBER KERN noted that on March 19th the airport operator is going to make his annual presentation to Council. That would be a good time to come back and express your opinion with the airport operator.

MR. ELLINGER stated when it wasn't controlled it was really miserable.

MAYOR WOOD reported we have 500 written complaints right now on one plane. That's the Tsunami skydiving plane.

MR. ELLINGER stated property values are going to do more for you financially than the airport is ever going to do. The reason they put the flight school in there was to defray the expenses of the airport. It was a bad decision. Having these parachute guys seemed like a good idea at the time, but it might not be working out very well.

When he was here last time, there were thirty people using the airport and eight of them lived in Oceanside.

JIMMY KNOTT, 127 Sherri Lane, announced tomorrow's Big Read event at 6:00 PM at the Museum of Art. We're reading the *Maltese Falcon*. Tomorrow we're going to have an opportunity to listen to Julie Rivett, the granddaughter of Dashiell Hammett.

MAYOR AND/OR COUNCILMEMBER ITEMS - Continued

28. **Request by Councilmember Kern to obtain Council concurrence on a letter to the Metropolitan Water District (MWD) Chairman and Board Members regarding MWD's proposed budget and rate-setting process**

COUNCILMEMBER KERN stated this month the Metropolitan Water District began its public rate-setting process for 2015-2016. It is proposing a rate increase of 1.5% per year. MWD management is proposing these increases in the wake of two years of excessive revenue collection, in which Metropolitan collected \$600,000,000 more than it needs to meet its obligations in its rate-stabilization fund. It's projected to reach \$800,000,000, which exceeds their reserve limit by \$320,000,000.

Despite this significant cash pile-up, MWD management also plans to ask for its Board to suspend the property tax limitation again this fiscal year, which is collecting another \$4,000,000. MWD just keeps piling up the money and keeps passing the costs on to us. He knows the Mayor sent the letter with other mayors in the County, but it's important for Council to represent our rate payers and send a letter to Metropolitan saying that we're protesting this.

It's extortion. It's an excessive amount of money that they're collecting for no apparent reason. He wishes Oceanside had \$320,000,000 just in reserves, not

\$320,000,000 in excess reserves. He's looking for the support of Council to send a letter to the Metropolitan Water District. There's a copy of the letter in Council's packets. Hopefully, we'll get support for this.

Public input

JIMMY KNOTT, 127 Sherri Lane, is Vice-Chairman of the Utilities Commission. The City was asked by the San Diego County Water Authority (SDCWA) for a representative to attend the February 10th Metropolitan Finance Committee meeting. He was asked by the Utilities Director and Chairman of the Utilities Commission to represent the City. The Water Authority paid his way to go by train up to Metropolitan. He spoke, along with the Otay Water Utilities District Director, Mr. Lopez, on behalf of the represented cities and the SDCWA.

He was asked by the Director to speak on the impact to the low-income individuals in our City and how it would violate the State environmental justice laws. They need to consider how they impact those populations. He reported those numbers at the last Council meeting. In spite of objections from the San Diego County Water Authority representative, they voted on the item before hearing the item or hearing the public talk on the item. They also voted to create a new administrative trust fund to hide the excessive tax being charged and collected right now. That will add more than \$90,000,000 to their more than half billion dollar reserve fund.

In addition to the letter, Council will have an opportunity on March 11th to protest this action along with the utilities commissioners. He suggested that anyone attending the meeting should get there before it starts because they take public comments first.

Public input concluded

DEPUTY MAYOR SANCHEZ supports this. We were talking to the Utilities Commission about how we are dealing with this drought and how, in asking people to conserve, their bills might go up. We need to constantly look at the bottom line. If we are conserving and using less water, don't we have less of an impact?

We talk about the infrastructure and the fixed costs to transport the water, etc., but if we have less of an impact on that infrastructure, shouldn't that also be counted into what our final costs of that water is? On the one hand we should be constantly addressing these costs from Metropolitan Water, but this water that we're finally getting delivered is less of an impact because we're asking for less. We're developing our own water supplies.

We need to continue to challenge Metropolitan and the SDCWA on our costs.

COUNCILMEMBER FELIEN supports the letter. Metropolitan is a predatory organization. He's been up to the "Imperial Palace," along with other members of this body and Mr. Knott. It is like a scene out of Star Wars, where you have multiple layers of all the appointees. You basically approach the bench and they pretend to listen to you and then brush you off, which is why we ended up in court.

San Diego County is being ripped off as a body by the rest of the organization. Hopefully, we'll win our lawsuit. The letter will certainly put them on notice as to what our position is. In one sense they'll ignore it, but we'll at least be on the record that we're not going down without complaining.

He will definitely be there on March 11th to register our dissatisfaction.

MAYOR WOOD has been on the Council for twelve years and has never seen anything so blatant as the Metropolitan Water District. He's never gone to a place as

the Mayor of large City and with other Councilmembers and representatives of San Diego where we were treated like we weren't there and they didn't care. Then you hear about the amount of money they have in reserves, yet they keep giving us double-digit rate increases. It's criminal.

He knows they're going to court. After he left the last meeting at Metropolitan, he went to the US Attorney in San Diego and complained that this was basically a RICO (Racketeer-influenced and Corrupt Organizations Act) case, with a group of people that were ripping us off.

This letter is fine, but he signed a letter recently with all of the mayors from San Diego County, and MWD didn't listen to that. He doesn't think they'll listen to our letter either. We should send a letter to the US Attorney in San Diego to say this needs to be looked at as a criminal complaint.

The next step besides court is to have something that will scare all of the people at the Metropolitan Water District, to let them know that somebody is looking at criminal charges. They don't care about a fine; they can pay it. They've got enough money to pay any fine there is or pay for any court proceedings. If they ever found out that the US Attorney's office is looking at criminal charges, you'll see people that sit on the Metropolitan Water District be concerned.

He's talking this way because he doesn't know if any other group or municipality can scare them in any way. They're not scared by all of the mayors of San Diego County.

He can't speak out enough against this group. People should know that if your water bills have gone up 106% over the last few years, it's because of the Metropolitan Water District, and they still want it to go up. It's not for the water, it's for the transportation of the water, pushing it through pipes, etc.

He is onboard. This is a prime example of something that affects all of our constituents in Oceanside, especially seniors on fixed incomes. He's willing to sign the letter. He asked that the City Manager or City Attorney write it up and proofread it first before we send it off because sometimes we're a little too angry to write them ourselves.

COUNCILMEMBER KERN stated Metropolitan is a predatory organization. Like Mr. Knott said, it's like going to a trial where the defendant gets hung, and then they say let's go back and have the trial. We need to keep adding our voice. That's the only thing that we can do. The SDCWA is very active in protesting these rates. We have a lawsuit considering the wheeling rates. We should have a decision on that hopefully within the next couple of weeks. Then the appeals will start, but at least we'll have a clear idea of where the courts stand.

He **moved** [to obtain Council concurrence on a letter to the Metropolitan Water District (MWD) Chairman and Board Members regarding MWD's proposed budget and rate-setting process].

COUNCILMEMBER FELIEN seconded the motion.

Motion was approved 5-0.

CITY MANAGER ITEMS

29. **Request to approve a Memorandum of Understanding for regional marketing and economic development collaboration between the cities of Oceanside, Vista, San Marcos, Escondido, and Carlsbad; and authorization to allocate \$35,000 towards this effort**

CITY MANAGER JEPSEN encouraged Council's support of this very important regional effort. This has been worked on for some time. It is a collaborative effort between the cities of Oceanside, Vista, San Marcos, Carlsbad and Escondido. What is before Council is a Memorandum of Understanding (MOU) that's going to have to evolve into a contractual agreement between the five cities.

The effort focuses on economic development. It is job-based. The group is looking for technical assistance. They're interested in branding promotion of the five cities along the Highway 78 corridor and sharing leads and marketing efforts, not just within the State, but other places across the country. The Memorandum of Understanding anticipates working with the San Diego Economic Development Commission (EDC), primarily because they have the expertise on staff. It's not to lessen our existing working relationship with North County EDC. We will continue to work cooperatively with that group as well.

The \$35,000 is the preliminary estimate that we've been given by the group to purchase this technical assistance, marketing effort and branding. He encouraged Council's support.

MAYOR WOOD moved to [approve a Memorandum of Understanding [Document No. 14-D0076-1] for regional marketing and economic development collaboration between the cities of Oceanside, Vista, San Marcos, Escondido, and Carlsbad; and authorization to allocate \$35,000 towards this effort].

COUNCILMEMBER FELLER seconded the motion.

MAYOR WOOD stated Council was updated recently from a meeting with everybody else. Nothing has changed. It's a group of mayors saying let's all work together and bring the economy and businesses to this location. The North County is where everything is moving to because of the build out in South San Diego County. All of the mayors agreed.

The mayors got together and brought their city managers and EDC staff together from all of those cities. We figured between all of us, we have a lot of staff and City Manager experience, so let's move forward. The only holdback we had was whether to go with North County EDC or San Diego EDC. With the inside investigations into which one we'd go with, we thought the San Diego EDC certainly had a lot more to offer and a bigger staff, along with the knowledge that they would probably be sending a lot of business north because of the build-out in San Diego, much like Sereno Valley is built out.

The minimal cost of \$35,000 is not that much in the big scheme of things. At the last meeting we had with the North County mayors on this issue, he was asked to bring a Councilmember. However, he thought it would be better to bring our new City Manager to update them. He was there personally with the other city managers and EDC staff. The City Manager is recommending being involved with this. This is obviously a good thing for the amount of money involved. It will benefit all of the North County mayors.

We are mainly concerned about the Highway 78 corridor and the traffic aspects, building, community, housing, etc. We're trying to bring more business, jobs, etc. to our region.

DEPUTY MAYOR SANCHEZ stated at some level there is competition for having certain economic activity within our City versus Vista or another city along Highway 78. She is interested in hearing how that gets resolved. There are regional issues, but we're also competing sometimes. When she went to the League of California Cities conference and spoke to some of the cities that she thought were hit hard by the

economy, they were doing really well. They described themselves as stalkers. They were contacting businesses and would hound them until they said yes to setting up a business in their city. There seemed to be stiff competition for going out, grabbing a business and making it happen. She is very curious about this.

MAYOR WOOD stated part of the MOU is that we're not supposed to try to do that to another city. It may happen, but they're not supposed to under this MOU. However, it was an issue. In other words, would we steal from another city like Carlsbad? We're hoping to get referrals from whatever city it might be in North County. We're not supposed to go out and try to back-door somebody else.

What he found out with this region is that outside businesses coming here is unlikely right now. They tend to go to other states. What we're seeing is large businesses already in the area that are built out and doing satellite offices. Those are the things we hope to draw into this area too, if they're not planning to leave the State.

Generally speaking, if somebody wants to come to Southern California or San Diego County, they don't call us, they call San Diego, the bigger city. That's why we're joining up with the San Diego EDC because they have more contacts and better staff to assist us. He doesn't have all of the answers for this. It's one of those things where we all sit down and work together to do something for North San Diego County. That's why we did it.

We've been doing this for several years. We had the city managers of every city there and all of the EDC staff. We figured we shouldn't have to pay for something when we all have EDC staff already and we're all working together. The Councilmembers are aware of it, plus the city managers are telling staff to work with other cities in trying to get these things to North San Diego County, including the five big cities we listed that have mayors and larger chambers of commerce.

This is a good thing for \$35,000.

COUNCILMEMBER KERN indicated that part of the answer is that this is a joint marketing effort. We're not precluding our opportunity to attract businesses to Oceanside. However, when you go up against cities like San Diego or regions like South Orange County, to have an identity of your own in North San Diego County or the 78 corridor gets them in the door. Once they're in the door, that's when we go to work with our staff to say Oceanside's probably the best place for them. It's not to bash the other cities.

We need them to actually cross the threshold before they can look at the City and say that this is the place they want to be. Attracting those first-timers is what this is all about as a marketing plan. We're not giving up anything. We're just combining with other cities to actually attract people.

MAYOR WOOD pointed out the money is really paying for some of the staff that we'll see out of San Diego. Just like the letter we will be sending to the Metropolitan Water District, if somebody wants to bring a business or a satellite business to North County, it's nice to have all of the North County mayors sign on a letter. There's a lot of power in North County to have all of the mayors sign it. The staff is also there with our MOU.

All of the mayors said they really want to address the issue of bringing in businesses. Let's say it goes to any other city. Our people would be working on it, and there would be some benefit to all of us.

COUNCILMEMBER KERN stated we're doing this at somewhat of a staff level now with LoopNet, if somebody contacts the City of Vista, San Marcos or Oceanside and says they're looking for this type of property to do this type of business. Before, those

cities would say no we don't have anything, and people would go down the road. Now with LoopNet, where we're tied to the other cities, the City of Vista can say they can't accommodate someone, but there's some property in Oceanside that may be working. Instead of just saying no and turning them away, we keep them in North County.

DEPUTY MAYOR SANCHEZ stated we have this sharing of identity within the 78 corridor, but we also have a sharing of identity along the North Coastal cities. Both of them benefit us tremendously. We are the key on the coast, as well as inland because we intersect both of those. At some level, it would also do us good to really focus on our coastal prominence.

MAYOR WOOD clarified the plan originally was to focus on the 78 corridor because that's where businesses would be going, not so much the coastal cities. That's part of it. Most of the other cities have rotating mayors, and that's part of it too.

Motion was approved 5-0.

CITY COUNCIL REPORTS

16. **Mayor Jim Wood**

MAYOR WOOD attended the opening of the new Marriott SpringHill Suites hotel. The top floor swimming pool has quite a view of Oceanside and the ocean. It also has the new fish house, Hello Betty.

He announced the starting seasons of Little League and softball.

He mentioned the passing of Mary Mellano.

17. **Deputy Mayor Esther Sanchez**

DEPUTY MAYOR SANCHEZ stated when the Mayor did the appointments for our Parks and Recreation Commission, one of them was replacing Charles Adams, who has left after decades of giving so much to Oceanside as a volunteer. He and his wife Lillian Adams, who were on the school board for Oceanside Unified School District, have given so much to this City.

She announced the Oceanside High School class of 1974 40th reunion on August 1st, 2nd and 3rd.

18. **Councilmember Gary Felien**

COUNCILMEMBER FELIEN attended the opening of the Marriott SpringHill Suites hotel and restaurant. He announced the Oceanside girls' softball and National Little League opening days.

19. **Councilmember Jack Feller**

COUNCILMEMBER FELLER announced family birthdays.

20. **Councilmember Jerome Kern**

COUNCILMEMBER KERN announced that the City received a Plant of the Year award for the San Luis Rey Water Treatment Plant. This is a professional award recognizing compliance and innovation. The department was notified that the plant is now being advanced to the State level of competition. We have a very well-run wastewater treatment department. He commended them for getting the nomination. Hopefully, they'll get recognition at the State level.

February 19, 2014

Joint Meeting Minutes
Council, HDB, CDC and OPFA

He's on the San Diego County Water Authority. We had an emergency meeting last week about the drought. We are still implementing voluntary drought management procedures. There was some discussion about mandatory restrictions, but one of the things people have to understand is that the rate payers in San Diego County have spent \$2,000,000,000 over the last 20 years to ensure reliability. Forcing them into mandatory restrictions right now after they paid all of this money to guarantee a reliable water source is not right.

45% of our water comes from the Colorado River. At the present time, we don't feel that mandatory restrictions are necessary, but we're encouraging volunteer restrictions. We're still in the best practices mode of trying to conserve water.

He attended the annual Friends of the Oceanside Public Library membership meeting. Last year the Friends of the Oceanside Public Library raised \$118,000 for the library. He announced the book sale on Saturday, February 22nd.

He attended the Dashiell Hammett Big Read event and the Oceanside National Little League event, where Councilmember Feller was recognized for all of his support of the National Little League over the years.

INTRODUCTION AND ADOPTION OF ORDINANCES – None

ADJOURNMENT

After a moment of silence for Mary Mellano, **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 7:40 PM on February 19, 2014. [The next regular meeting is scheduled for 2:00 PM on Wednesday, March 5, 2014].

ACCEPTED BY COUNCIL/HDB/CDC/OPFA:

Zack Beck
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 5, 2014

REGULAR MEETING 2:00 PM COUNCIL CHAMBERS

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

Mayor
HDB President
CDC Chair
OPFA Chair
Jim Wood

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

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

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
Steve Jepsen

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

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

For this regular and joint meeting, the Council sat as all 4 governing bodies [Council, HDB, CDC and OPFA] simultaneously but took action as the respective agency for the jurisdiction covered by each item. Council titles only will be used for brevity throughout the entire meeting.

The regular and joint meeting of the Oceanside City Council (Council), Small Craft Harbor District Board of Directors (HDB), Community Development Commission (CDC) and Oceanside Public Finance Authority (OPFA) was called to order by Mayor Wood at 2:03 PM, March 5, 2014.

2:00 PM - ROLL CALL

Present were Mayor Wood, Deputy Mayor Sanchez and Councilmembers Kern, Felien and Feller. Also present were Assistant City Clerk Trobaugh, City Manager Jepsen

March 5, 2014

Joint Meeting Minutes
Council, HDB, CDC and OPFA

and City Attorney Mullen.

City Attorney Mullen titled the following items to be heard in Closed Session:
Items 1, 2A, 3A, 3B and 3C.

[Closed Session and recess were held from 2:04 PM to 4:00 PM]

CITY COUNCIL, HDB, AND CDC CLOSED SESSION ITEMS

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

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

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

Item discussed (MECO, OPOA non-sworn); no reportable action

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

A) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

i. HIRST v. CITY OF OCEANSIDE

Superior Court Case No.: 37-2010-00101050-CU-PO-NC

ii. RIO VISTA LANDSCAPE MAINTENANCE ASSOCIATION v. CITY OF OCEANSIDE

Superior Court Case No.: 37-2012-00054678-CU-PT-NC

Court of Appeal Case No.: D065251

Items discussed; no reportable action

3. CONFERENCE WITH REAL ESTATE NEGOTIATOR (SECTION 54956.8)

A) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Property: 76-acre Center City Golf Course (APN 151-011-11); Negotiating Parties: City of Oceanside and San Diego USL Holdings, LLC; Negotiator for the City: Douglas Eddow, Real Estate Manager; Under Negotiations: Price and terms for the lease of real property

B) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Property: El Corazon consisting of approximately 450 acres (APN 162-082-51,-06,-08, and -09); Negotiating Parties: City of Oceanside and Social SC, L.P. (Sudberry Development, Inc.); Negotiator for the City: Douglas Eddow, Real Estate Manager; Under Negotiations: Price and terms for the lease of real property

C) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Property: 300 Block of North Cleveland Street (APN 147-161-11); Negotiating Parties: Successor Agency to the Oceanside Redevelopment Agency, the City of Oceanside, and Pelican Properties; Negotiator for the City: George Buell, Development Services Department Director and Douglas Eddow, Real Estate Manager; Under Negotiations: Price and terms for the use of real property

Items discussed; no reportable action

4:00 PM – ROLL CALL

MAYOR WOOD reconvened the meeting at 4:00 PM. Present were Mayor Wood, Deputy Mayor Sanchez and Councilmembers Kern, Felien and Feller. Also

present were City Clerk Beck, City Manager Jepsen and City Attorney Mullen.

CONSENT CALENDAR ITEMS [Items 4-11]

All items listed on the Consent Calendar are considered to be routine matters or formal documents covering previous City Council/HDB/CDC/OPFA instructions. 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 City Council/HDB/CDC/OPFA or the public through submittal of a Request to Speak form prior to the commencement of this agenda item.

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. City Council: Approval of Amendment 2 [**Document No. 14-D0098-1**] to the Property Lease Agreement with the California Surf Museum extending the term of the lease for five years expiring January 31, 2019, for a minimum total revenue of \$6,000, and approving the option to extend the term of the lease for an additional five years expiring on January 31, 2024; and authorization for the City Manager to execute the amendment
6. City Council: Approval of Amendment 1 [**Document No. 14-D0099-1**] in an amount not to exceed \$140,400 to the Professional Services Agreement with Infrastructure Engineering Corporation for as-needed project management and engineering support services to the Water Utilities Department; and authorization for the City Manager to execute the amendment
7. City Council: Approval of a two-year Professional Services Agreement [**Document No. 14-D0100-1**] with Midori Gardens, Inc., of Santa Ana in an annual amount not to exceed \$280,000 for median landscape maintenance services and as-needed repair work throughout the City as a result of accidents, storms, disease, etc.; and authorization for the City Manager to execute the agreement
8. City Council: Approval of a five-year Property Use Agreement [**Document No. 14-D0101-1**] with the Oceanside Senior Citizens Association, Inc., in the amount of \$1.00 (one dollar) per year, for the non-exclusive and preferential non-exclusive use of space located at the Oceanside Senior Citizens Center at 455 Country Club Lane for the provision of nutritional and educational programs and services to senior citizens; and authorization for the City Manager to execute the agreement
9. City Council: Approval of a five-year property use agreement [**Document No. 14-D0102-1**] with Tower Optical Company, Inc., of South Norwalk, Connecticut for a five-year revenue of approximately \$14,710 for the operation of six coin-operated binocular machines on the Oceanside Municipal Pier; and authorization for the City Manager to execute the agreement
10. City Council: Adoption of **Resolution No. 14-R0103-1**, "...authorizing a Memorandum of Understanding [**Document No. 14-D0104-1**] with North County Lifeline for the 2014 Alternative Court Treatment Program and approving the Expenditure Plan and appropriating the necessary funds to the Police Department," and North County Lifeline will reimburse the City in an amount up to \$12,000 for approved expenses, and authorizing the Chief of Police to execute the Memorandum of Understanding and all other required documents
11. City Council: Adoption of **Resolution No. 14-R0105-1**, "...amending the TransNet Local Street Improvement Program of projects for Fiscal Years 2014 and 2015," to add the City's share of the Regional Arterial Management System (RAMS) in the amount of

\$11,200 per year, for a total amount of \$22,400

DEPUTY MAYOR SANCHEZ moved approval of the balance of the Consent Calendar [Items 4-11].

COUNCILMEMBER KERN seconded the motion.

Motion was approved 5-0.

GENERAL ITEMS

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

12. **City Council: Approval of a Final Participation Agreement with the County of San Diego to remain a user of the Next-Generation Regional Communications System (RCS) (Next-Gen); authorization for the City Manager to execute the agreement; and direction to the City Treasurer's Office to seek financing for the total costs and report back to the City Council with options and recommendations**

PETER LAWRENCE, Fire Battalion Chief, is the lead for the City on the Next-Generation 800 megahertz (MHz) radio program. We're looking to replace the radio system that we're currently using. The radio system came online in 1998. We became a user of this system in 2002-2003. The system is providing interoperable communications throughout San Diego and Imperial counties. All City departments can communicate with their counterparts county-wide, be it a fire department in Chula Vista or a building department in San Diego. We can all communicate on interoperable channels.

The current radio system infrastructure/backbone is approaching the end of its useful life and is going to need to be replaced at the end of 2018. That will have been a 20-year life. Normally, it's a 15-year lifespan, but they've been able to do some engineering to keep the system running. The anticipation is that by the end of 2018, it will need to be replaced.

A lot of the cities are dealing with this in a piecemeal fashion. We decided to bring the entire project forward so that Council would know all of the costs associated with this project, not just the backbone costs and then having to come back later with money for radios. The overall project cost for the City is about \$8,400,000. Our previous system came online at about the same cost of \$8,300,000. Out of that \$8,400,000, \$4,700,000 is for the backbone/infrastructure costs to build out the system and upgrade all of the mountaintop repeaters. There is one in town called Abbey, which is by the Prince of Peace Abbey.

About \$650,000 of the \$8,400,000 is for Dispatch Center upgrades. That's for upgrading Oceanside Police Department (OPD) and the microwave length from OPD to Abbey, as well as upgrading the Oceanside Fire Department (OFD) portion of the dispatch consoles at North County Dispatch Joint Powers Authority (North Comm). About \$3,000,000 is for field and user equipment. While most of the user equipment that we have could be upgraded to work on the new system, by the time it comes online that equipment will be between 10-16 years old. The decision was made internally in a working group that we would look towards replacing anything that was over ten years old because the cost to upgrade wouldn't necessarily be recovered over the remaining life of that piece of equipment.

We have explored all cost savings and have taken steps to reduce the cost to the City. The first was that last year over 250 radios were deactivated from the system. We went through all of the departments and users and determined who truly needed to

be on the radio system. With the improvements in cell phone coverage and data, some of the departments chose not to continue to use radios. Obviously, Police and Fire have to. That removed 250 radios that we don't have to pay to upgrade and don't have to pay the backbone portion on. That saved or eliminated about \$1,500,000 in costs.

County-wide, about \$9,000,000 has already been applied to the project in terms of grants. That has reduced the overall cost for all of the agencies. Additionally, there is a lot of discussion and some agreement by all of the county-wide partners that the cost of upgrading the dispatch centers will be the next priority for grant funding. Hopefully, that \$650,000 will potentially be covered by grants. We have looked at alternative funding mechanisms and reduced our costs.

For timeline purposes, by the end of this month the City needs to make a decision on if we're going to participate in order to sign on to the Next-Generation system without penalty. We have until the end of the year, but there is a signing penalty that is approximately 25% of the \$4,700,000. Our goal was that, if we were going to move forward with it, we would do it without penalty. The Board of Supervisors had come to a final agreement on the Participation Agreement in December of 2013. Once that was provided to us, we started the process to come forward and present it to Council.

Anybody who doesn't sign on by December 31st will have to seek funding through the Request for Proposal (RFP) process and will not be able to participate on the system. In early 2015, we would need to pay the County for the infrastructure costs. In early 2017 we would need to do the Dispatch Center upgrades. In mid-2017 or early 2018, we would need to replace the radio equipment. The goal is that by late 2018, the system will be online, and we'll transition from the old system to the new system.

We really don't have many alternatives. We could go back to an old legacy, very high frequency (VHF) system. There are no 800 MHz frequencies available for us. We have one that we share with the County. None of the surrounding police agencies have maintained VHF radios in their units, so none of the police officers in Oceanside would have interoperable communications if they were being backed up in an emergency by our surrounding agencies. The fire departments have it, so we would have the ability to communicate with them, but we would have to leave the Dispatch Center and go back to Police Dispatch because we would not have the ability to be dispatched on a totally separate radio frequency band at North Comm.

The current system provides very robust interoperability and the ability to communicate all the way into Imperial County and also with responders coming to us. While some interoperability would be there with a VHF system, we would be losing the majority of that interoperability by going backwards to a VHF system.

In terms of yearly cost, he's been in contact with the Treasurer's office and has worked with them to figure out if financing is available and to what terms it would be available. They determined that realistically, ten- and fifteen-year financing is available. The ten-year cost at 4% is a little over \$1,000,000 per year. At 4.1% for fifteen years, it's about \$760,000 per year. As part of the RFP for the backbone system, the County is going to be asking that the vendors provide financing alternatives and options. If the County decided to take them up on that offer, we would have the ability, through the County, to access that financing mechanism. We have various alternatives for financing.

In June of 2013, then City Manager Weiss had presented to Council that this project was coming. At the time, the decision was made to earmark approximately \$450,000 towards the project into the Infrastructure Reserve Fund. What we found is that, for the overall project, it's going to be more than that. There are no other existing funds or revenue sources out there for the project, unless we were to earmark specific funds coming in to go into the Infrastructure Reserve Fund.

Everybody always asks the question: what is everyone else doing? As of tonight, no current city or fire district, for those agencies like Fallbrook that are County-unincorporated but run their own fire district, have said they're not going to be signing and participating. There's no exodus of participants. Fourteen out of seventeen cities have agreed to sign on and have already signed on. Tonight, Oceanside is discussing and debating it, and then Chula Vista and La Mesa are scheduled for later this month, on March 11th. Additionally, other agencies such as Vista Unified School District, UCSD Police and Poway Unified School District have all agreed to join as a customer for the Regional Communications System (RCS). That provides some reduction and economy of scale on the costs.

We are requesting that Council approve the Final Participation Agreement, authorize the City Manager to execute the agreement and then ask the City Treasurer's office to work on funding alternatives/options and then come back to Council with them, knowing full well that some of the options may not become available to us before the funding is due to the County. The County would be able to advise us if they're choosing the alternative vendor funding.

COUNCILMEMBER FELLER stated we're definitely painted into a corner, but it's worthwhile to make this work. We need to plan for 2038, if we can get it to last that far out. He **moved** approval of [a Final Participation Agreement **[Document No. 14-D0106-1]** with the County of San Diego to remain a user of the Next-Generation Regional Communications System (RCS) (Next-Gen); authorization for the City Manager to execute the agreement; and direction to the City Treasurer's Office to seek financing for the total costs and report back to the City Council with options and recommendations].

DEPUTY MAYOR SANCHEZ **seconded** the motion. We definitely need to be on the same system. She had already started to hear that we were starting to have problems with the current system and needed to start planning for the Next-Generation. She thanked staff for bringing this forward. She is going to be interested in how we figure out the financing for this. As Councilmember Feller said, we don't always agree, but it is essential to public safety that we're all on the same communications system.

COUNCILMEMBER FELIEN asked if, with the changes in technology since we had the last system, we are going to have any additional capabilities with this system, or is it just simply replacing existing capabilities?

SUE WILLY, County Sheriff's Department/Wireless Services Division, responded the system primarily is a replacement system. The technology has changed significantly since the system that was implemented in the late-1990's, which was really late-1980's technology. It's a fully digital system. It runs on an Internet Protocol (IP)-based backbone. Therefore, there are some capabilities that it will provide that aren't in the system today.

One example is that you can purchase Global Positioning System (GPS)-capable radios. If you chose that feature, you would be able to locate a firefighter or an officer. Most vehicles have Automatic Vehicle Location (AVL) today, but the handheld portable radios don't have that capability. There is limited data capability on this system with the radios.

It's also more advanced in terms of interoperability in ways that we share with the City of San Diego. We are interoperable with the City, but this new technology allows us a higher level of interoperability across those two systems, where it's a little more seamless when you transition from the RCS channels to the City of San Diego channels. It improves the interoperability to some degree. It also provides the new technology, which is a national standards-based digital system, which means that there's interoperability potentially with other systems.

P25 is the name of the national standard. It's been implemented in Riverside and Yuma Counties. Los Angeles County is moving towards that, and Orange County is migrating towards it eventually, perhaps on the same timeline as the RCS. That provides interoperability with other regions as well. It is definitely an improvement, but compared to most other local regions, we've pretty much already achieved interoperability through a non-technology manner, which was putting everybody on the same system.

COUNCILMEMBER FELIEN asked in terms of their conversation with the Treasury Department, did the bidders mention what their terms were going to be? Are they providing 100% financing or just partial financing, with us making up the difference? How was that being discussed?

MS. WILLY responded in the agreement that we are bringing forward for Council to sign, the County committed to providing agencies that chose not to do their own financing a mechanism for financing. We already know there are agencies that won't be able to do their own financing. The County is trying to poll those agencies to try to determine how much of the system they'll need to finance. At the conclusion, as part of the competitive process, vendors will be asked to provide options for vendor financing. The County would evaluate those and determine whether or not that would be more cost-effective.

If the County is seeking other forms of financing, either through the competitive open market or through another type of County financing, the County would make a determination at that point as to what would be the best terms and rates and then seek financing through that method. They would set up separate agreements with each of the agencies that wanted to participate in financing. Their financing would essentially be through the County and the County would seek financing for procuring the system.

COUNCILMEMBER FELIEN asked in terms of the discussions with the Treasury Department, because of the controversy of the priority of debt and pension bonds, are we going to have to collateralize this debt? If so, what are we going to be putting up as collateral?

CITY MANAGER JEPSEN responded we have other things that we can use for collateral. As we talk about how we're going to finance this, whether it's going to be our own issuance or an issuance through the County, we'll have to talk about those things. One of the issues we might want to talk about at some point is that we have a policy that doesn't allow us to borrow money from ourselves. There's not a law against borrowing money from ourselves; there's just a policy. If the commercial rate is 4% and we're making a 1% return on our portfolio, maybe that's something we might want to revisit at some point.

COUNCILMEMBER FELIEN stated there are all of these hidden issues that come up. It seems that we have three financing possibilities: the vendor, the County and the City. Obviously, we'll go with the best one that's out there, but this issue of collateral is going to be an ongoing issue. The fact that it wasn't discussed at all in the report is something that should be addressed in the future on all financing issues, on whether they're going to have to be collateralized or not.

It seems like the project is definitely necessary and worthwhile in going forward with. It points out that, when your City is financially solvent, you're in a position to move ahead on these types of issues. We ought to go ahead.

COUNCILMEMBER KERN stated it seems like in 2018 somebody is going to flip a switch, and we're all going to be on the system at one time. You're phasing in the payments as we go, but are we going to migrate to this system over a period of time so that by 2018 we're fully operational or will we hit 2018 and the big switch gets thrown?

CHIEF LAWRENCE responded the first payment is due to the County after the RFP is awarded. The phasing of the funding is tied to the process of building out the systems. The first chunk of money is due to the County on a certain date that the RFP is awarded. The next would be contracting for the upgrades of the Dispatch Center, which is going to take longer than just purchasing the equipment. The last phase is purchasing the equipment.

Some of our equipment is able to be used on the new system. That will simply be a flash upgrade. For others, we will put that equipment into service on the old system. Ms. Willy can answer the transition question of how we go from one day to the next. For us, we will purchase and have our equipment available and ready to go well in advance of that 2018 date. As the County upgrades, we can take advantage of additional technology and have more reliability on our equipment. That's the reason for the funding phasing.

MS. WILLY responded the size of the RCS makes transitioning from one system to another a significant challenge. Part of our implementation process is to work with the selected vendor to ensure the migration process, which will depend upon their suggested migration, whether it's regional, etc. Essentially, we anticipate that the process is going to take about two years to build out the infrastructure because the system is extremely large.

We operate in cells or zones, so the transitions will probably be geographic-based on zones. They also anticipate planning into those the timing as to when people will need to have the radios and the dispatch centers upgraded. It will be a significant planning effort to bring all of those things together.

COUNCILMEMBER KERN stated we're going to be on time, but maybe North County Fire will lag behind and won't be ready until 5-6 months after we're ready. What happens to them, and does that mean anything to us? We don't have to bring everybody online at once?

MS. WILLY responded essentially, the system is being planned as a whole for upgrades. That includes the Dispatch Center migration, the subscriber migration and all of the infrastructure. That's all part of the planning. It's the same with the Police Department (PD) dispatches and the Fire Department dispatches. That's all part of the same coordination effort.

She doesn't want to make it sound any less complex than it is. It will be very challenging. That's why we're starting as early as we are. From a timing perspective, the intent is to release the RFP later this year. We expect that process will take approximately twelve months. For the planning process after-award beginning in 2015, we anticipate that process will take a year to implement before we see equipment show up. That means there's going to be a great deal of coordination.

We have an advisory board now, the RCS Board of Directors. One of the things that the new agreement establishes is another board. The purpose of the new board is to oversee and coordinate implementation, which may be establishing various user groups by group, whether it's fire, law, public service, etc. The existing Board of Directors will continue to monitor, manage and oversee the existing RCS. After 2016, the RCS Board goes away and the new board will govern the entire implementation.

COUNCILMEMBER KERN asked about additional grant opportunities between now and 2018. The State occasionally comes out with different grant opportunities. Who pursues those? Do we pursue those?

CHIEF LAWRENCE responded those are being done by the county-wide groups, such as the Fire Chief's Association and Police Chief's Association. Primarily,

what we've been leveraging are what's called Urban Area Security Initiative (UASI) grants that are driven from the federal government to the state government to local government to provide for security in the event of terrorist or natural disasters in large urban areas, in which San Diego qualifies.

Most of the grants have been UASI or State Homeland Security Program (SHSP) funds. That's what they continue to work towards when the grants are brought to the county level. The Police Chief's Association, Fire Chief's Association and City Manager groups then look towards trying to apply what could realistically be applied.

COUNCILMEMBER KERN asked if there are some agencies out there that are thinking about this, that may or may not come on by December 31st?

MS. WILLY stated there are two groups of agencies that we solicited with the agreement. There is all of the current RCS partners, and then we have agencies that use the system that we call customers. Basically, they didn't pay the upfront infrastructure that all of the cities paid, so they pay significantly higher monthly fees. They pay a monthly fee that goes towards infrastructure replacement. There are a number of those agencies that have already signed the agreements and returned them to us.

There was a moratorium put on joining the RCS in 2008. That was primarily because we knew in 2013-2014 we would be coming back and asking agencies to commit this significant amount of infrastructure, so we wouldn't allow them to be part of the partnership. We allowed them to use the system, but they have to pay these higher rates.

Many of those agencies, such as Cal State San Marcos and all of the universities, were customers. Several of the university police departments have already committed and we have others that are still considering. That just moves them from one category of user to a different category, which means they also would be committing to this agreement and providing the funding upfront to build out the infrastructure.

At this point, we're anticipating that we will have more partners on the system than we do today, but not more radios on the system. We're just converting them from customers to partners.

COUNCILMEMBER KERN asked once we get these customers, will that lower our cost?

MS. WILLY responded yes.

COUNCILMEMBER KERN stated we don't know how many customers are going to be there, but that's fine.

CITY MANAGER JEPSEN stated this is a complex issue. It's been going on for some time. He appreciates the work that Chief Lawrence has put in and the simplification so that we could all understand what they're talking about. It's important beyond its emergency response needs.

The action the Chief is asking for today is to approve a Final Participation Agreement. He asked if we're going to see this again several times.

CHIEF LAWRENCE responded when the financing portion comes back, Council will be provided information by the Treasurer's office. He will work with the Treasurer's office to do so. They'll come back after we've determined what is available from the County and what is continuing to be available on the open market. We will come back with options. The Treasurer's Department will take the lead.

He has built in what he thinks is going to be the top end of the numbers. If Council is saying that we're going forward with this, we would be able to have funding for that maximum amount. He didn't anticipate coming back to say we want to spend \$3,050,000 on radios because that would be part of the total amount of financing. However Council wishes to do so, we can come back with purchases, etc.

CITY MANAGER JEPSEN stated perhaps the Chief misunderstood him. He just thought we would probably see it for some further actions. He asked when we approve this, we're all in?

CHIEF LAWRENCE responded yes.

CITY MANAGER JEPSEN asked if there'll be other times that Council will see this again and the actions we'll be taking in the future will be consistent with what we're talking about today?

CHIEF LAWRENCE responded correct. Updates will be provided through the City Manager's office on the status. He has looked at all of the radios and figured out what we need to do. He's being realistic so he doesn't have to come back.

CITY MANAGER JEPSEN stated the Chief has done a great job.

MAYOR WOOD thanked the Chief and County representatives for coming to discuss this. He sits on the Joint Powers Authority (JPA) for North County Fire Dispatch. It's certainly going to be important. As we well know, every few years the entire County starts to burn down and we all work together. It would be nice if we're all on the same radio communications for everything. We know it's very important.

Motion was approved 5-0.

13. **City Council: Approval of Change Order No. 2 in the amount of \$256,000 to the contract with Bonsall Petroleum Construction, Inc., to accelerate the completion of the Revised El Corazon Reclamation Plan Grading Improvement Project; approval of Amendment 1 in the amount of \$100,000 to the Lease Agreement with Socal SC, L.P. to provide a loan to offset a portion of the costs to accelerate the grading project; approval of a budget appropriation in the amount of \$256,000 from the El Corazon Reserve Account to the Silica Reclamation Account to pay for the contract amendment; and authorization for the City Manager to execute the change order and amendment**

DOUGLAS EDDOW, Real Estate Manager, stated this allows for the grading to be accelerated. When the grading gets accelerated, we're hoping that the project can be completed as early as May of 2014, but no later than July of 2014. This allows Socal SC, who is the lessee under our lease with them, to operate the fields once we complete the grading of the pads. It allows them to plant their sod and install their irrigation in time to house the Surf Cup Tournament and some other significant tournaments this July, as well as tournaments in August and September.

Those tournaments allow the City to potentially receive substantial revenue. Those tournaments are anticipated to generate about 10,000 hotel rooms, which in turn can generate about \$1,350,000 to the City. The City gets 10% of that in Transient Occupancy Tax (TOT). Also, equivalent tournaments such as Surf Cup generate probably an additional \$1,000,000 in spending in the local economy. That would also provide an infusion of cash to the City.

The funds that are being required are from the El Corazon Reserve Account. They're only allowed to be spent for grading operations in connection with reclamation, similar to what we're doing with this project. They can't be spent anywhere else. They would eventually have to be spent at El Corazon.

COUNCILMEMBER FELLER moved approval of [Change Order No. 2 **[Document No. 14-D0107-1]** in the amount of \$256,000 to the contract with Bonsall Petroleum Construction, Inc., to accelerate the completion of the Revised El Corazon Reclamation Plan Grading Improvement Project; approval of Amendment 1 **[Document No. 14-D0108-1]** in the amount of \$100,000 to the Lease Agreement with Social SC, L.P. to provide a loan to offset a portion of the costs to accelerate the grading project; approval of a budget appropriation in the amount of \$256,000 from the El Corazon Reserve Account to the Silica Reclamation Account to pay for the contract amendment; and authorization for the City Manager to execute the change order and amendment].

DEPUTY MAYOR SANCHEZ seconded the motion. For the public especially, this does sound like a lot of money. It's more money into this project, but \$100,000 will be coming back to us, as well as some additional funds. Plus, this will get it online as quickly as possible to start getting revenue to the City. It is exciting to get these fields graded and get this activity going at El Corazon. This will hopefully jumpstart everything else.

Motion was approved 5-0.

14. **City Council: Adoption of a resolution to certify and approve the hiring of Peter Weiss as a part-time hourly extra help consultant assistant, in amount not to exceed \$72,000 for calendar year 2014, to fill a critically needed position to assist the City Manager's Office in completing a number of Economic Development and Successor Agency projects and to assist with Oceanside Harbor transition issues**

STEVE JEPSEN, City Manager, stated this is a resolution of critical necessity. He's asking Council to approve and move forward with the hiring of former City Manager Peter Weiss as a project manager in the amount of \$75 per hour, not to exceed \$72,000, for the completion of the calendar year 2014.

He recommends this with full confidence in Peter Weiss' abilities and the importance of him providing continuity with regard to very critical projects for this community, including the development of Lot 19, Lot 23, El Corazon soccer fields, the Swim Hall of Fame, The Pier beach hotel, Goat Hill and the potential development of a drive-in theater. Mr. Weiss is very involved and a known quantity for these developers. The only trepidation he has is the perception out there that when we hire retirees, that somehow this double-dipping is encroaching on that annuitant retirement. In this particular case, the community is well-served and benefits greatly from having Mr. Weiss' continual involvement in these projects.

He asked for Council's support for this proposal.

DEPUTY MAYOR SANCHEZ moved approval of [adoption of **Resolution No. 14-R0109-1**, "...certifying the appointment of Peter Weiss to fill a critically needed position pursuant to Government Code Section 7522.56(f)(1)," as a part-time hourly extra help consultant assistant, in amount not to exceed \$72,000 for calendar year 2014, to assist the City Manager's Office in completing a number of Economic Development and Successor Agency projects and to assist with Oceanside Harbor transition issues].

Mr. Weiss certainly has a lot of history with the City. He knows our community and he's really on top of these projects. It would actually probably cost us more if we were trying to go out and find the equivalent of the kind of consulting that he would provide to help us get through these projects.

She is very happy to move this forward.

COUNCILMEMBER KERN seconded the motion.

COUNCILMEMBER FELLER doesn't think there's any question that this is invaluable to what we need done. He's happy to take the heat for what the perception is. This is just too important for our economic development.

COUNCILMEMBER KERN stated one of the things that Deputy Mayor Sanchez hit on was the institutional memory that Peter has about these projects in dealing with these developers in the projects over a long period of time. It would be a longer process if we had to bring somebody up to speed to do this. People have to remember that we eliminated our position for Economic Development Director. This would be a normal position that we would have full-time. Jane McVey was that person a couple of years ago. We've never backfilled that position. Tracey Bohlen does a great job as the manager on the day-to-day operations, but we don't have anybody to take on these big projects. Hopefully, Peter can get it all wrapped up between now and the end of the year.

MAYOR WOOD thought Mr. Weiss obviously wants to finish up a lot of projects and help the City. He agrees to that.

He remembers getting a call not long ago that the press was concerned that the Chief of Police had retired, but stayed around until we got a replacement. He wants to make sure people understand that this is a benefit to the City. It's not that we're double-dipping; it's all about the cause. We've laid off a lot of people over the years and kept those positions empty. We have somebody with a natural ability to understand and who has been involved in all of the aspects of these major projects in Oceanside.

Everybody is right. It would cost us a fortune to go outside and try to find somebody who would be up-to-speed on it without taking forever. He supports it also.

Motion was approved 5-0.

INTRODUCTION AND ADOPTION OF ORDINANCES

The following items are ordinances for introduction or adoption by the City Council/HDB/CDC/OPFA. Ordinances are laws of the City of Oceanside and require introduction and adoption at two separate City Council meetings (urgency ordinances are an exception, and may be introduced and adopted at one meeting as an emergency measure). The City Council/HDB/CDC/OPFA has adopted a policy that it is sufficient to read the title of ordinances at the time of introduction and adoption, and that full reading of ordinances may be waived. After the City Attorney has read the titles, the City Council/HDB/CDC/OPFA may introduce or adopt the ordinances below in a single vote. There will be no discussion of the items unless requested by members of the City Council/HDB/CDC/OPFA or the public through submittal of a Request to Speak form prior to the commencement of this agenda item.

25. **City Council: Adoption of an ordinance for Zone Amendment (ZA12-00003) to change the zoning designation of APNs 160-270-12-00 and 147-061-03-00 from Limited Industrial (IL) and Single-Family Residential (RS) to Planned Development (PD) (Introduced 2/19/2014, 5-0)**

After titling of the ordinance, **COUNCILMEMBER FELLER** moved approval of [adoption of **Ordinance No. 14-OR0111-1**, "...amending the zoning designation for certain real property located on the south side of Mission Avenue between Carolyn Circle and Foussat Road (APNs 160-270-12-00 and 146-061-03-00) from Limited Industrial (IL) and Single Family Residential (RS) to Planned Development (PD) - Mission Cove Zone Amendment (ZA12-00003) (Applicant: National Community Renaissance)"].

COUNCILMEMBER KERN seconded the motion.

Motion was approved 5-0.

26. **City Council: Adoption of an ordinance amending Chapter 29, Article II of the Oceanside Municipal Code, to reflect clarifications to maintenance responsibility for private sewer connections** *(Introduced 2/19/2014, 5-0)*

Public input

JIMMY KNOTT, 127 Sherri Lane, is Chair of the Water-Sewer Committee and Vice-Chairman of the Water Utilities Commission. This item was recommended to go forward with a recommendation for consumer protections and/or City sponsorship of self-insurance, external insurance or a recommendation of some form of compliance for groups that can provide protection for the public.

There are private companies out there that have abused the public in the past. When other cities have brought this type of situation forward, there have been issues brought to their city councils. We wanted to make sure that there was some form of consumer protection. This was brought forward to Council with a provision for a future opening of some form of consumer protection. Staff agreed to this, but he did not see this within the provision that was brought forward to Council.

Deputy Mayor Sanchez did bring this forward, but it was not acknowledged by Council. He would like for that to be brought forward to Council and to be put into this ordinance. Also, he found out that certain lining companies guarantee compliance within other jurisdictions when the laterals are repaired with lining in the interconnections. The City may want to make sure that any form of lining would have this certification by companies that would be doing any business in Oceanside.

He asked for this to be considered in Council's motion.

Public input concluded

CITY MANAGER JEPSEN asked the Utilities Director to address this. We did talk about the current ordinance placing a value on this. He asked the City Attorney if it was \$100.

CITY ATTORNEY MULLEN responded we had mentioned the last time that there already was a pre-existing miscellaneous encroachment fee of \$100.

CARI DALE, Water Utilities Director, stated at the last meeting Council directed staff to go back and develop a reasonable fee for the encroachment permit. We're in the process of doing so. The item that Mr. Knott mentioned regarding having a company come in and represent citizens on their laterals is something that's being discussed in the Utilities Commission and will be discussed in committee next Monday. That's still in process, but it's not a part of the action this evening.

CITY MANAGER JEPSEN asked will this action have any limitations on bringing that back?

MS. DALE responded no it won't.

DEPUTY MAYOR SANCHEZ supports this. She thanked Mr. Knott for bringing it up. She supports this based on the discussion that Council had at the last meeting where we talked about finding a reasonable fee, which would be less than \$100, and also with the Utilities Commission and staff pursuing consumer issues regarding the laterals. She did bring up that this was discussed at the Utilities Commission and staff indicated that they were going to be working on it and bringing back a report. That is why she is going to be supporting this today.

After titling of the ordinance, **COUNCILMEMBER FELLER** moved adoption of [**Ordinance No. 14-OR0112-1**, "...amending Chapter 29 of the Oceanside City Code by amending Article II, Sewer Connections," to reflect clarifications to maintenance responsibility for private sewer connections].

DEPUTY MAYOR SANCHEZ seconded the motion.

Motion was approved 5-0.

CLOSED SESSION REPORT

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

CITY ATTORNEY MULLEN reported on the items discussed in Closed Session. See items 1, 2A, 3A, 3B and 3C above.

CITY COUNCIL REPORTS

15. **Mayor Jim Wood**

MAYOR WOOD was the guest speaker at the Boy Scouts of America - Santa Margarita District ceremony for the Eagle Scouts. There were 62 Eagle Scouts with all of their family and parents. He thanked them for awarding him the Team Eagle award. He attended former State Senator Ollie Speraw's funeral. He announced the Council Workshop on March 12th on budget priorities.

16. **Deputy Mayor Esther Sanchez**

DEPUTY MAYOR SANCHEZ traveled to Washington, D.C. with staff to visit the offices of Senator Boxer, Senator Feinstein, Congressman Issa, the Army Corps of Engineers, the Department of Reclamation, Department of the Interior and the Department of Justice. They had some good discussions on water and river projects. We're finally getting to the point where we can get some resolution for our residents, especially with flood insurance.

With respect to the Department of Justice, it was a good discussion having to do with our gang prevention/intervention project. They let us know that there was an initiative coming up. We were invited to be part of this initiative. It's very exciting.

She extended love and prayers to firefighter Wes McGee, his family and our family of firefighters.

17. **Councilmember Gary Felien**

COUNCILMEMBER FELIEN attended the Chamber of Commerce Sunset Mixer at Legacy Brewing; the reception for the Tri-City Hospital Foundation, recognizing their new leadership team; the American GI Forum annual dinner; and the Oceanside American Little League opening day ceremony.

He announced the grand openings of two new businesses in Oceanside, Anything Imprinted and Studio 78. He attended the Enlisted Recognition dinner, sponsored by the Chamber of Commerce, to honor the great achievements of our enlisted ranks at Camp Pendleton; the Troop 752 annual spaghetti dinner; the Mardi Gras brunch to support the Art Museum; the memorial for former State Senator, Ollie Speraw; the swearing-in ceremony for new San Diego Mayor, Kevin Faulconer; and the first annual North County Economics Summit, in which City Manager Steve Jepsen spoke as a panelist.

18. **Councilmember Jack Feller**

COUNCILMEMBER FELLER announced the Vance Fundraiser on March 7th at Outback Steakhouse and the Soroptimist International luncheon on March 19th. He extended thoughts and prayers to people who are struggling and in ill health, and to families that are suffering at this time.

He acknowledged George Buell for filling in while the City Manager was away.

19. **Councilmember Jerome Kern**

COUNCILMEMBER KERN is the representative of the San Diego County Water Authority. We have a lawsuit against the Metropolitan Water District. We won the first phase. The State has determined that the way Metropolitan establishes a rate is in conflict with Proposition 26, the California State Constitution and common law. For those three main issues, the judge decided in favor of the rate payers of San Diego County. The second phase starts this summer and will be about the monetary damages that should be awarded. We will find out how that happens, and then the appeals will start.

We had a discussion with our attorney in San Francisco. The timeline is probably two years before we have a final conclusion, but we started off very well. The judge agreed that the way Metropolitan does things is not legal. That is going to be very significant to us. It's probably a \$2,000,000,000 difference over the next 20 years about what our rates will be on the transfer of water through the Metropolitan system with the wheeling rates coming out of Colorado.

He encouraged everyone to follow what's happening with the litigation because it will mean money in the resident's pockets.

[Recess was held from 4:58 PM to 5:11 PM]

INVOCATION – Zack Beck

PLEDGE OF ALLEGIANCE – Soccer Club of Oceanside

PROCLAMATIONS AND PRESENTATIONS –

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

Proclamation – Honoring “The Compound”

Proclamation – Honoring Angel Aviles as 2013-2014 San Diego County Veteran of the Year

Presentations were made

PUBLIC COMMUNICATIONS ON OFF-AGENDA ITEMS

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

Advance written request to reserve time to speak: None

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

JIMMY KNOTT, 127 Sherri Lane, stated the murder rate in Oceanside is higher than in New York City. This is sad for our City and is a challenge for us. We need to refocus and look at issues that are important to our neighborhoods.

We now have WiFi at the El Corazon Recreation Center, the Melba Bishop Center

and the Joe Balderama Recreation Center. Anybody can go into those centers with their tablets or computers and access WiFi. If you have a wedding or a business meeting, you can now access your materials and do a presentation.

5:00 P.M. – PUBLIC HEARING ITEMS

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

22. **City Council/CDC: Adoption of a resolution approving Tentative Map (RT13-00002), Development Plan (RD13-00003), and Regular Coastal Permit (RRP13-00004) for the construction of a 17-unit residential condominium development located at 620-712 South The Strand—700 South The Strand – Applicant: McKellar McGowan, LLC**

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

JOHN HELMER, Contract Planner, is serving as the City's Downtown Area Manager. This is a public hearing for the 700 South The Strand 17-unit condominium project. A computer graphic was used to show a photo of the site in about 2005. It shows the project known as Siesta by the Sea. Wisconsin Street is on the right going down to the beach. Pacific Street is right behind the project. The frontage of the project is probably 267 feet long along The Strand. This is eight parcels.

The Siesta by the Sea project was vacated in 2005 and demolished in 2008. A computer graphic was used to show the current site condition. There are the remnants of an old retaining wall in the background. In 2008, the Community Development Commission (CDC) unanimously approved a project known as the Pacific Blue project. It was a 24-unit subdivision with 56 subterranean parking spaces and a very tall retaining wall along the bluff that pretty much filled up the site.

The current proposed project before Council includes 17 residential flats, 36 mostly at-grade parking spaces instead of subterranean parking, a contemporary architectural design, and a new fire accessway from Pacific Street that was not on the previous proposal. The resolution includes an outline of an agreement to improve The Strand, the sea wall and the revetment.

This current project would supplant the Pacific Blue project if the CDC approves it today. A computer graphic was used to show an outline of the Tentative Map and Site Plan. The project pretty much fills the site. There are three-foot setbacks on each side, consistent with the zoning. There are eight units on the bottom access in the middle of the site. You can see at-grade parking in the back. On the second story there are nine units going to the back of the project.

The project is a contemporary architectural design. The applicant will be making a presentation with some additional renderings. Approximately 20% of the site will be landscape, with trees, shrubs, ground cover and hardscape. This project meets all downtown Zoning Ordinance requirements, with one exception. The Zoning Ordinance has a requirement for a six-foot height standard for walls. This project proposes to replace the existing retaining wall with a new retaining wall, which would vary in height from 12-19 feet.

Wall heights can be exceeded through the Zoning Ordinance with the approval of

a variation. A variation is a part of the Development Plan. Staff supports this higher wall for a number of reasons. It replaces the currently unstable retaining wall, provides protection of the unstable slope and will protect the structure. The findings for the variation are in the resolution before Council.

The project also provides a new fire access point to the rear of the building from Pacific Street. This is a relatively new addition to the project to meet fire department requirements. This new access will be done through a new stairway from the bluff that will bridge the gap between the retaining wall and would connect to the building's second story deck in the back. The stairway would be accessed via a locked gate down from Pacific Street. This would be for fire department use. The stairway is intended for emergency use only. It was a late addition to this project to meet fire department standards.

The City and the applicant have had a number of discussions about this. We agreed that it's in the interest of both parties that The Strand and the revetment would be improved, not only in the project's frontages required for all projects, but would be improved from the project southward down to Wisconsin Street. This would be done through a cooperative agreement, which is outlined in Council's staff report and is also contained in the resolution. These improvements are specifically not included in Council's consideration today. They will be permitted through a separate coastal permit. The process for this agreement is outlined in the staff report and in the resolution.

Staff has concluded that this project is consistent with all of the findings that are required in the Zoning Ordinance, including that it's consistent with the Redevelopment Plan, the Downtown Zoning Ordinance (except as he outlined regarding the variation for the wall height) and applicable policies and standards of the Local Coastal Program (LCP). There are two LCP policies of interest. One is that the LCP requires that there is public access every 500 feet between Tyson and Wisconsin Street. There is public access from Pacific Street to The Strand at Wisconsin Street approximately 100 feet south of this project, and via Ash Street approximately 130 feet north of this project. There is a second applicable policy regarding prohibition of slopes greater than 40% that exceed 25 feet in height. The slope behind this project is about 19 feet in height. Therefore, it is consistent with that policy.

Staff believes this is a very good project compared to the project on the books now. It decreases the density from 24 units to 17; eliminates a lot of the issues that were involved with the subterranean parking, which was 10 feet below grade; eliminates the very high retaining wall at the end of the property against the bluff; reduces the construction cost and schedule, as we believe it can be built a lot quicker; provides a better level of emergency fire access by the stairs; and provides a very good process to improve The Strand, sea wall and revetment project.

Staff recommends that the Community Development Commission adopt a resolution approving these entitlements for this project located on 620-712 South The Strand.

Applicant

LARRY TAYLOR, Taylor Group, Inc., 301 Mission Avenue, represents the applicant, McKellar McGowan, LLC. The Taylor Group is doing the civil and geotechnical work on the project. As Mr. Helmer said, the old Siesta by the Sea was torn down back in late-2007-2008. It had been a problem for the City for years. There were people breaking into the old hotel rooms, building campfires indoors, etc. There were problems securing the site, so ultimately under code enforcement action, the place was torn down.

The previously approved project was recommended for approval by the Redevelopment Advisory Committee (RAC) in 2008 and was unanimously approved by

the CDC in October of 2008. It was a much larger project, with an additional seven units and a whole level of below-grade subterranean parking. The constraints of that project included the height limit. Along South Strand is the centerline of Pacific Street. Pacific Street slopes down in this area as you go towards Wisconsin. It's about two feet higher on the north end than it is on the south end. The height between the centerline and the existing grade down on The Strand varies from about 19-21 feet.

On the previously approved project, all the parking was pushed underground because that applicant really wanted to maximize the density. Even though 28 dwelling units per acre was below the allowable 43, it's still a pretty dense project. By pushing it down, we're going down into the ground water, so there were a lot of challenges. It would require excavation below groundwater level, dewatering, etc. Complex drainage and storm water systems were required because there wasn't much of a site left to do anything with drainage. It was all draining into the basement garage. Some of it was being stored for rainfall harvesting/reuse, and the rest was pumped out, involving a lot of pumps and mechanical systems. It was complex.

The basement footprint of the previously approved project was down at about three feet MSL, which is mean sea level. Sea level is actually a little lower, but the groundwater level is about four feet in one area and three in another area.

We are proposing to reduce the intensity of use from 24 to 17 units. We still have the amendment to the previous approved Tentative Map to process. The dwelling units on this project are a little larger. In the previous project they ranged from about 900-2,300 square feet. For this project there are fewer units, but they're bigger. We're also proposing a soil nail wall to replace the older walls and simpler, better drainage and storm water management provisions for the project.

On the ground level/Stand level are the living units. The parking access is from the middle, with 36 parking spaces in the back. The other major component is the soil nail wall, which will go across the bluff to replace the deteriorating and failing walls that are there now. Because we're at grade, the storm water management is being handled by an infiltration system beneath the parking area.

A computer graphic was used to show cross-sections of the development. Currently, if you look at the section at Pacific Street where the bluff comes down to the existing walls, we are opening this up in the back, largely in response to the Fire Department's requirements to have five feet clear access behind the building. This portion of the parking is actually open. There are columns supporting the upper level, so it's light with air coming through, which opens up the project a little. This is what we are not doing. It is part of the currently approved project, including the basement excavation and area representing where the proposed retaining wall is, as part of the approved Development Plan for the more dense project.

We're decreasing the impacts on the bluff quite a bit, decreasing the volume of excavation and therefore decreasing all of the impacts on the neighborhood and community when hauling it all out, as well as the time and effort involved in shoring, excavation, dewatering, etc. Of the constraints that exist for the currently approved project, we're not getting rid of the groundwater, but we don't have to worry about it. We no longer have to do the excavation below that groundwater level, which eliminates most or all of the shoring, eliminates the dewatering requirements, simplifies the drainage and reduces what were nearly 30-foot high walls to about half that height.

A computer graphic showed an example of a past project on north Pacific Street to generically what the soil nail wall will look like. It is colored and textured to mimic the natural bluff look as much as possible. It's a shotcrete face behind this. There are steel bars drilled into the slope at an angle back about 15-20 feet that reinforce the slope. The facing protects it against erosion, but the shotcrete stabilizes the entire bluff.

The element of this project that was not in the currently approved project came out of the Fire Department's review. We're opening up a five-foot access way in the back so that fire personnel can move around the back of the project. They're also concerned that they need to get equipment and personnel into the site from Pacific Street. All of the water is on Pacific Street. There is no water on The Strand. We're proposing to add a hydrant near the middle of the site. This will provide access to the center area of the site. At the center of the site is a stairwell that provides access down to the first floor. Based on the Fire Department's review and evaluation of this project, they felt it was important to have access on this side to give them reach to all of the units.

A computer graphic was used to show a schematic of the fire access bridge. We're proposing to put this at a location on the site. He doesn't know if it was previous failure or erosion, but generally that bluff in the back is quite steep. Near the center of the site there is a more subdued area with a slope down of about 2:1, which will allow us to come down about a third or half of the way of the height we need, to come down with concrete steps in the right-of-way. From the property line, we will have a bridged staircase across to the upper level of the building. Since this is beachfront property, you've got to be concerned about security, so the intent is to secure this so that we don't have people wandering in off the street or vagrants deciding to sleep on the second floor in one of the nooks of this project.

We're reducing the density and eliminating a lot of the challenges and constraints associated with the deep basement and the groundwater conditions at the site. We're reducing the complexity of the Best Management Practices (BMP) and the construction impacts on the community by reducing the volume of excavation and the amount of time it's going to take to do this project.

We could go out today and submit plans for a 24-unit project, with seven more units in this one at about \$1,000,000 a piece at the beach. \$7,000,000 to give up on a project is a bit, but there's an offset for the construction costs in the long-term operation and management (O&M), risk, etc. Going with this design approach really eliminates long-term O&M issues that would be related to that underground parking element.

The previous project was unanimously approved by both the RAC at that time and this body. With the current project, we went in front of the Downtown Advisory Committee (DAC) in October. There was unanimous approval by that body as well. We're improving on what has been unanimously approved in the past by reducing the intensity of use, coming up with some better design concepts and improving the constructability and short-term community impacts.

This continues to achieve a number of important downtown area objectives, which used to be the redevelopment objectives, of eliminating beachfront urban blight, doing something that is compatible with the adjacent Land Use, the quality of the design and the abatement of incompatible and nonconforming Use, which has been an ongoing problem on this property for a number of years. The soil nail wall will improve the bluff stability over current conditions. As Mr. Helmer alluded to, this project provides for the public improvements on The Strand and south to Wisconsin Street under what will be a separate coastal permit.

Part of the rationale of doing that is the offsite City facilities, particularly if we get into having to do modifications to the existing revetment for the shoreline protection of structures, there are going to be O&M and monitoring conditions associated with that. That's a City facility, and it would be inappropriate to have those conditions tied to the private development of the project. It makes sense to do it this way.

There are conditions in the resolution for this project that tie the requirements of applying for that separate coastal permit, working cooperatively with the City to obtain it

and timing issues about requiring that to be applied before you can record a map or before other things can be done on this project.

KIRK MCKINLEY, Architect, The McKinley Associates, Inc., brought reduced renderings for each of the Councilmembers to look at. The project has 17 units. Eight are on the ground floor. They're the smaller two and three bedroom units. The larger units are on the top floor. They're in excess of 2,000 square feet, so they're in the 2,300-2,600 square-foot range. The center unit is the largest unit, which is where the drive lane of the building to get back underneath the garage is.

There has been a lot of attention to detail on this building, not only on the outside, but on the inside. We're talking about asking upwards of \$1,500,000 for these, so we really need to put our best foot forward in terms of the architecture and the styling on the inside. There is one interesting thing about the top floor units that you don't normally see. There is a courtyard in each unit in order to get light and air into the secondary bedrooms. This courtyard penetrates all the way up to the second floor, so when viewing the project from above, you are actually seeing breaks in the building and breaks on the roof structure.

A computer graphic was used to show the roof plan. We have opened up the areas in the courtyards. We're actually proposing to put a gravel roof on this building so that it will have more texture. Most of the roofs that you see in the Strand area are what is called a cap sheet. They're not very attractive roofs. We're proposing to put a gravel roof on this building. With the breaks in the roof form, you'll be able to look down and see some contours, breaks and texture on the building.

The exterior of the building has wood, steel, and tiled elements, and several awnings. These are all incredibly high-grade materials. The idea was to create the image of a high-quality building in order to attract the kind of buyer profile that we're going to be looking for on this project. That level of architecture and detail is carried into the interiors as well. The center opening in the building where the cars go through is the access to the garage below.

We look forward to building this project. We're happy about doing this contemporary look on the beach. With the restrictions of the height that we have relative to Pacific Street, you're pushed into a contemporary design. This is an incredibly sophisticated looking building. It will be a great addition to Oceanside.

Public input

JIMMY KNOTT, 127 Sherri Lane, likes the project, but he has two concerns. They're the same concerns he's had for a lot of projects that face the ocean. First, you don't see any tsunami protection. That is a concern for the people who may be purchasing or visiting the project. The second concern is a progressive concern that the State of California shares with him. That's the predicted sea level rise, which will encroach higher and higher with the increased storm and tidal effects. This will also present debris casting to the homes from the ocean and egress problems for people who may be trapped.

According to the reports he's read, the State of California recommends that all developments along the beaches take these into consideration. His question is how does this project mitigate for these impacts?

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

COUNCILMEMBER FELLER is sure they've taken into account sea level rise and tsunamis. He moved adoption of [**Resolution No. 14-R0110-3**, "...approving a Tentative Map, Development Plan with variation, and Regular Coastal Permit for the construction of a 17-unit residential condominium development located at 620-712

South The Strand – Applicant: McKellar McGowan, LLC," 700 South The Strand, Tentative Map (RT13-00002), Development Plan (RD13-00003), and Regular Coastal Permit (RRP13-00004)].

It's a great project. It's been approved already for a much more intense project. He's glad to see that we can work together on fixing The Strand as well.

COUNCILMEMBER KERN seconded the motion.

DEPUTY MAYOR SANCHEZ has some concerns about the project. She doesn't know if she would be going with a separate request for a permit for the revetment. She probably would have done that first to see what the actual footprint could be and if the actual footprint was going to be impacted at all. If they are turned down by the Coastal Commission, then we still have this project, yet no protection. That's one of her concerns.

She understands this is an assemblage of eight lots. It just looks so long and not broken up. It feels like a wall. That would be the first time we have something like that. She knows we have a lot of people who like to walk on the beach, including herself. They talked about these internal courtyards. It would have been nice to have something like that to break it up and make it look more interesting from the outside. This is what we're going to look at. You don't really have much of a view over the rooftop. It's losing all of that more pleasing visual.

Her last concern is the stairway. She has never heard of a requirement by a fire department for a stairway. It sounds like the intent is to just make it for public safety, but earlier today she found out that residents can actually use it to get out on a daily basis. That defeats the private versus public stairways that are clearly delineated. You cannot have private stairways, only public.

While she wants to do something really positive there and make it look nicer, she would like to have seen something that had much more character.

MAYOR WOOD would be glad to see something other than that trashy lot and chain-link fence there. He wished that had gone out long ago. As for the design, since it's all connected it does look a little long, but he can live with that since all the way down the coast in either direction they're all tightly packed together anyhow. He is happy about the parking.

He asked if the use of the roof is going to be denied per se. He doesn't want people using the roof for their patio and extending it up more in footage.

MR. TAYLOR responded there is no use on the roof at all.

MAYOR WOOD stated we've had several in the past where it turned that the roof was the patio, which made it higher than the height limit.

MR. TAYLOR responded Prop A is pretty clear that you can't.

Motion was approved 4-1, Sanchez – No.

MAYOR AND/OR COUNCILMEMBER ITEMS – None

CITY MANAGER ITEMS

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

JAMES RILEY, Financial Services Director, is presenting the Financial Status Report for the second quarter ending December 31, 2013. The focus of this presentation will be on the General Fund. A copy of the presentation has been delivered

to Council. The action being requested tonight is for Council to approve the recommended revenue and expenditure adjustments noted on Attachment A, as presented in the packets, the memorandum and in this presentation.

The General Fund revenues as of the end of December 31, 2013, are at 36% of the amended budget, which is typical due to the cyclical receipts of revenue. When we add to it the property tax that we received this past January, it brings the percentage up to about 46% of our General Fund revenues of the amended budget. We normally get our property taxes in January and then a big amount in May. The General Fund expenditures are at 46% of the amended budget. This includes a Worker's Compensation adjustment of \$1,000,000 related to several claims that the City had to pay.

The recommendation is to increase the General Fund revenue by \$4,200,000 and to increase the expenditures by the amount of \$1,050,000, for a net increase in revenue of \$3,200,000.

COUNCILMEMBER FELLER moved [to approve revenue and expenditure adjustments].

COUNCILMEMBER KERN seconded the motion. Regarding the Worker's Comp adjustment, is this is a revenue adjustment for just this year?

MR. RILEY responded yes it is for this year, although there will be an effect of it in the future because our rates will probably go up a little because of that. We'll need to budget for that. It's primarily a one-time big hit.

COUNCILMEMBER KERN wanted to make sure this isn't a recurring cost, but a one-time cost. He knows there will be an increase in our rates because of this one-time cost.

CITY MANAGER JEPSEN stated we are self-insured for Worker's Comp despite the fact that we pay our own rates. It's a huge hit. Our Worker's Comp costs are higher than they should be for the size of our City. We do need to pay attention to that. What you'll see at the next meeting is a recommendation from our HR Director to move forward with the Safety Program to try to get a better handle on that.

COUNCILMEMBER KERN stated that was his only concern. That's a big number.

DEPUTY MAYOR SANCHEZ is aware that there is a proposal for a wellness program. We want to make sure this doesn't happen again. \$1,000,000 is a lot. We're not seeing the human aspect of it; we're just seeing the dollars. These dollars could be better spent. We don't want to have those accidents. We want to make sure our employees are safe. We also want to make sure that the funds are maximized. This is why we should have this wellness program implemented.

MAYOR WOOD stated we have a workshop coming up pretty soon. He's sure it'll be for the City Manager to get our feelings on what we see out there, what expenditures there are in the future, etc. He wants that too. When we're trying to decide where we're going to spend money, sometimes we don't have input about where the money really is. A while back we put \$700,000 in for sand replenishment. We got about \$18,000,000-\$21,000,000 back from the redevelopment downtown. We get these coming in all year long. It's hard to put a total on it.

We've had Finance come here on many occasions and say they've reevaluated and reissued bonds, saving us millions of dollars. He wants to be comfortable at one of these workshops when we talk about everything we'd like to have, should have or can't afford. He'd like to know what kind of money is behind it and where it's at; if it's set

aside somewhere or if there's development money, whether it's only for Capital Improvement Program (CIP) usage, etc.

He needs to know that information when we have the workshops. He asked the City Manager to have staff try to get that together. He appreciates it because we get just a short brief from this Council meeting.

Motion was approved 5-0.

24. City Council: Five-Year Financial Forecast

JAMES RILEY, Financial Services Director, stated this presentation is our five-year forecast, fiscal year 2014-2015 and beyond. We're going to take a look the General Fund, fiscal year 2013-2014 amended budget. We'll just be looking at those items that are the recurring revenue and expense items.

Our recurring revenue is \$125,000,000. Our top three sources of revenue are property taxes at 39%, sales tax at 21% and the internal services at 19.6%. The internal services are actually revenues that the General Fund receives from Enterprise Funds that we have in the City.

Our sales tax at \$21,000,000, or 17%, is actually our second highest revenue source. For a community of our size, it is actually fairly low. General Fund recurring expenditures for the fiscal year are budgeted at \$122,000,000. Personnel costs make up 70% of this total, which is not unusual for municipalities. Internal service charges are at 16%. These are charges that departments pay for risk management, fleet management, Worker's Comp insurance, information services and other administrative services. 13% goes to maintenance and operations.

A computer graphic was used to show the personnel costs. The breakdown of the \$86,000,000 is shown. 63% of it is our compensation cost. 15% is our pension cost. That's CalPERS (California Public Employees' Retirement System), but it does not include our pension obligation bonds, which is another 4% by itself. If you combine those two together, we actually have pension obligations/costs of 19%. Health insurance is 8%. Those are the three main items on the chart.

A computer graphic was used to show the historical General Fund trend for the fiscal years 2006-2014. If you look the expenditures for fiscal year 2009-2010, it was a point where our revenues hit a peak of \$122,000,000, but there's a big gap between the red line and the blue line, which is revenue. In fiscal year 2010-2011, we hit a low in our revenues of about \$112,000,000. It took up the gap during that time period so that we had to go into our reserves to make up that difference. As we've come out of the recession, we've slowly seen an increase in our revenues versus our expenditures.

He highlighted some of the items in the financial forecast, starting with three of our revenue items: sales tax trends, property tax trends and our TOT, or Transient Occupancy Taxes. We're also going to look at a couple of key expenditures: healthcare and CalPERS. Looking at our sales and use tax, we had a peak in 2006-2007 of about \$19,500,000 before the recession. It then took a big dip down, but has come back up. In fiscal year 2013 we recovered that loss and are now projected to be at \$21,000,000 in sales tax in 2013-2014. This is an increase of about \$1,500,000 over that 2006-2007 number. We go up from there with an estimate of about a 2.3% increase over the next five years.

While this is good news, the next computer graphic will show how our sales-per-capita compares with nearby cities. Oceanside is unfortunately towards the bottom, showing \$2,500 per capita. We're neck-and-neck with San Clemente, which happens to be just north of us. We have Camp Pendleton in common, and the ocean in common on the other side. It takes a little of our real estate away.

The top city is Carlsbad, which has \$6,200 per capita, which is 2.5 times that of Oceanside. The major factors in that difference relate to the fact that they have a tremendous amount of auto dealerships, the outlet center and a mall. People go there to shop.

Property taxes normally lag our sales tax by 12-18 months. Our pre-downturn peak, which was \$4,900,000, was in 2008-2009. This recovery time has been a little slower, as we have not recovered that peak amount yet. We anticipate that happening in fiscal year 2014-2015. In this last year, from fiscal year 2013-2014 to 2014-2015, we're predicting a 3.3% increase, then a 2% increase over that. That's just a conservative number. As the values come back up, we could be recovering more than just that 2%.

Our Transient Occupancy Tax reached a high in 2008-2009, during pre-recession. We have already recovered that money. With the addition of the new SpringHill Hotel that just opened a few weeks ago, we're projecting a 9% increase going from fiscal year 2013-2014 to 2014-2015, and then a conservative increase of 2% after that.

Looking at the expenditure side, during the period between fiscal year 2011-2012 and fiscal year 2013-2014, there was a 36% increase in healthcare cost. At the negotiation table with our various bargaining units, they all agreed to allow the City to cap the healthcare cost. That's why you see no increase after you get past 2013-2014. That's assuming we continue with that trend in future bargaining agreements with our various bargaining units.

The CalPERS costs seem to go on and on. It seems like they find new reasons to increase it every year. A couple of weeks ago, CalPERS increased their rates for the third time in two years related to longevity. They estimated that men would live two years longer and women a year and a half longer.

We see these costs continue to go up over the next eight years. We can see a 78% increase in CalPERS, for a \$9,400,000 increase. That is just talking about our General Fund cost. It doesn't include the increase there would be on the Enterprise Funds.

Based upon these assumptions and others for revenues and expenditures, we're projecting a surplus of approximately \$4,000,000 over the next five years. However, this increment of \$4,000,000 can only be spent one time on recurring expenses. Next year, if \$2,000,000 of it is used, then that line cuts to \$2,000,000. If the whole \$4,000,000 is used, then the whole \$4,000,000 is used up at that time.

We thought it would be fun to look at what the trend would look like if we didn't have those CalPERS increases. Without the increase in the CalPERS costs, our surplus by fiscal year 2018-2019 would actually be closer to \$11,450,000, which could be used in a variety of ways to help our community.

Some priorities that Council has shared with staff in the past that have been funded include the RCS radios, which were spoken of tonight by our Battalion Chief. For Building maintenance, we're now setting aside \$150,000 per year. There is maintenance on the San Luis Rey River, which when finally accepted will be \$500,000 per year. There was also the discussion and proposal about the fire apparatus of \$500,000 per year. \$500,000 per year for the fire truck wasn't included in the forecast as presented before Council. There are also some fixed, one-time costs that have either been funded through our sale of the mobile home park last year or through other sources of revenue.

Other items not included in the financial forecast are related to our Worker's

Comp increase, employee raises, any new positions/restoration of services and any new services that the City may decide to do. We basically looked at it flat, with no change in staff, no new contracts, etc. It was just for purposes of doing the forecast.

On the question of our General Fund reserves, which is something that the Mayor had mentioned, our current available reserves include our Healthy City Fund of \$14,500,000; Infrastructure Reserve of \$3,000,000; Economic Stability Fund of \$3,700,000 and Unallocated Capital, or unallocated, unassigned one-time funds of about \$7,600,000. We also have some committed reserves for the Post-Employment Leave Fund, the Police CAD (Computer-Aided Design) System. From the sale of the Laguna Vista Motor Home Project, we were able to set aside money for beach sand replenishment, beach area restrooms and some money that goes towards Mission Cove.

A computer graphic was used to show a chart of the General Fund reserve. We were at a peak in June 30, 2008, of about \$37,300,000. That includes the Healthy City Fund, Infrastructure Reserve, Economic Stabilization Fund and unallocated monies. In 2011, we hit a low of \$20,700,000 in reserves. However, during all of that time, we maintained our Healthy City Fund. It grew from \$9,000,000 to \$14,500,000. Our Infrastructure Reserve went down, but it has maintained about \$3,000,000 over the last several years. Our Economic Stabilization Fund has maintained at about \$3,700,000, and we are coming up in our unallocated reserves.

COUNCILMEMBER KERN stated we get hung up on the jobs-to-housing ratio, but our biggest problem is sales tax leakage. People don't spend money here, so it's the idea of building those facilities that generate sales tax. He asked what level of confidence Mr. Riley has with the 2% projection of increase over a period of time. The sales use tax is about 2.3% and some other items are about 2%. Are we being very conservative on those estimates?

MR. RILEY responded we're between being conservative and being aggressive. We're in the middle. If he had his accountant-only hat on, it would probably be closer to 1% or zero, but that's his accountant hat; to be totally conservative. A more realistic picture is this 2% area. Beyond that would be totally aggressive, but 2% is a reasonable number.

COUNCILMEMBER KERN thought he and Councilmember Felien were conservative in their estimations of what's going on. When Councilmember Felien came on the Council, that's when the numbers changed as far as the trend line. Maybe he can take all of the credit for that. We have basically \$4,000,000 in that gap, but that is not a recurring number. He asked if that \$4,000,000 is one-time money.

MR. RILEY responded yes. It's one-time from the standpoint that if we use it for recurring expenses, it reduces down what that number will be.

COUNCILMEMBER KERN stated the computer graphic showing what would happen without the CalPERS costs is something that people really have to be aware of. That 78% increase over eight years is very substantial. If they don't change it again or they actually come up with a real rate of return and sock it to the cities even more, we may be upside down. It's the idea of trying to hold on to that \$4,000,000 as much as possible to see what CalPERS does in the next few years because it may get worse. He asked if there were two changes in the last three years.

MR. RILEY responded actually three in the last two years. In figuring the longevity increase that they just approved in February, they gave us some numbers that were a range. They didn't give us exact numbers. We used the middle of that range. It's very possible it could be even more or it could be a little less.

COUNCILMEMBER FELIEN was amazed at the chart on the recurring expenditures. On the item related to the General Fund reserve history on page 17,

where we see a decline in the Infrastructure Reserve where apparently we were spending money on infrastructure projects that had been placed aside, and on page 12 showing the spike in 2009 and 2010 where we're labeling it as a recurring expenditure, he wants to make sure the infrastructure expenditure did not cause this spike in the recurring expenditure. Is that correct?

MR. RILEY responded yes.

COUNCILMEMBER FELIEN stated that would have been the easy answer. He asked in reviewing the figures, did Mr. Riley look at what caused that spike? We would all expect the revenues to go down because of the recession and the impact to the City. That certainly did happen. You see the decrease in the revenues, but anyone looking at this chart would be shocked at the spike in expenditures that went on from the 2008-2009 fiscal year into the 2009-2010 fiscal year. He asked Mr. Riley if he looked into that to see what caused that spike.

MR. RILEY responded yes. We had some changes in the way that we accounted for some of the expenditures. He'll need to do a little more research to be more specific on that.

COUNCILMEMBER FELIEN stated his interest is whether these expenditures were unavoidable and somehow related to the recession or were they voluntary decisions to spend more than we were receiving? That's obviously a Council decision to do that. He would just like to have that detail at some point.

MR. RILEY responded sometime during that time period, new contracts with the bargaining units and new MOU's (Memorandum of Understanding) were put into place. That was part of the effect. As far as how much, he'll have to research it, but there were several new contracts that came into place during that time.

COUNCILMEMBER FELIEN stated the other point he'd like to emphasize is a statement from his colleagues on page 12 as well. The \$4,000,000 surplus, as he reads it, is a cumulative surplus over the five years, of which we're spending approximately \$125,000,000 per year. So we're dealing roughly with cumulative budgets of \$600,000,000-\$7,000,000, with a \$4,000,000 surplus that is basically a rounding error, right?

MR. RILEY responded no. If you just looked at each year, you would actually have a surplus of \$4,000,000 each year. If you spend it one year, that reduces it in the future years.

COUNCILMEMBER FELIEN stated that's certainly better news. It's not a large amount in proportion to the fluctuations we can receive. This assumes no future recession. As Councilmember Kern pointed out, we need to be responsible with this in building up our reserves, making sure our deferred maintenance is taken care of and that no one is planning any kind of spending sprees with the money.

CITY MANAGER JEPSEN stated Councilmember Kern had mentioned the issue regarding sales tax. The chart shows us in relationship to the surrounding communities. There is a tremendous amount of sales tax leakage out of Oceanside for a lot of reasons. People in Oceanside need to understand that with the stuff they purchase within our community, the money stays within the community and pays for police, fire, parks and libraries. It is important that if you have a discretionary purchase, to consider giving Oceanside businesses an opportunity to earn your trust. Buying local is going to help out our community. He says that with the understanding that we are very much a regional economy.

Councilmember Kern had also mentioned the jobs-to-housing balance. A job in Carlsbad or Vista is as good as a job in Oceanside. It is very much a regional issue, not

just a local issue in terms of our ability to attract and retain good paying jobs.

On the projections that the Finance Director made, Councilmember Felien had noted where the lines diverged a few years ago. We did talk about that rather large discrepancy for a couple of years. The City had made some adjustments in how they did accounting, but we adjusted the chart to reflect that as well. What you're seeing is an adjustment that probably more accurately reflected the true expenditures. Had we left it with the accounting adjustments, it would have been much more dramatic.

At that point, you'll see a drop-off in those expenditures that occurred the following two years. It was where the community was cutting back on positions that were vacant and leaving them open. It was in recognition for the ongoing recession that we all anticipated would end sooner than it actually did.

We're on the right track now. There are some things we're going to want to talk about next week at the workshop that are much more pragmatic. Not necessarily long-range goals, such as wanting to be a better community or having more public safety, but what exactly do we want? We have already identified that we've paid for half of the radio system and have to pay for the other half. That's another \$500,000 of the \$4,000,000. We need to purchase a fire apparatus every year. That's another \$500,000. We have plenty of things to talk about when we get together and decide what those priorities are.

He had to get the Finance Director to move off the conservative track. Finance directors do that. They don't want to be wrong, so they're usually pretty conservative. The 2% number for the property tax is what the cap is on Prop 13. It can and probably will go up the next two or three years because we have to recover the reductions that were made. It can exceed 2% short-term, but as you move out and the projections get a little more fuzzy, 2% is a pretty good estimate.

He and Mr. Riley have a little different perspective coming from other communities. Things have come back better here in Oceanside. We're coastal, San Diego County-based and the economy is doing better here than it is in other places in the State. We're pleased with where we are and to be able to give Council this information. It is comprehensive, particularly with regard to where the monies are in the reserve accounts, which the Mayor had a question about.

Council has done a good job of bringing back some of those reserves. They should be proud of the performance they've had in the last few years and where they have the City positioned right now.

DEPUTY MAYOR SANCHEZ stated there are a lot of stories that are not being told with these numbers and graphs, though it's good to have graphs and a picture of the actual expenses and expenditures. We have been doing things differently as a Council. This is her fourteenth year, and we've always passed a balanced budget. We were previously a General Law city. It was against the law to ever spend more money than your revenues, so we always passed a balanced budget.

At some point though, there were some differences in accounting. She remembers her first shock to find that she was spending a lot of money as a Councilmember. The debt service to this building was divided into a rent, so she was actually being charged rent for her office space. She wondered how she was spending all of this money, but just being a Councilmember and sitting in her office was an expense.

There are other things that are not being taken into consideration. We have a number of projects that have been approved over the years that are finally getting started. She is really excited about that. Our beach resort is going to bring a lot more people to Oceanside, with the tourism and sales tax.

The jobs-to-residence ratio is a problem for us because if you're not working here, when you go to lunch or decide to go shopping during lunchtime, you're going to be doing that where you work, and that is in another city. We need to have these jobs here. When you have jobs and the opportunity to spend, you have people with more money to spend right back in Oceanside.

We have a very proud tradition of having several small business owners in Oceanside who also live in Oceanside. We're very proud of patronizing our businesses, but we really need to work on that. We have to stop flipping commercially zoned land into residential. We only have a certain amount of land left that is zoned for commercial. If we keep turning those into residential, we're never going to get there. We're never going to change that dynamic. We're always going to be just that bedroom community where we never get that sales tax up.

It also tells us that we need to start looking at the types of businesses. We need to increase the number of businesses that come to Oceanside, but they've got to be sales-generating businesses. Warehouses don't tend to do that. We've got to be able to think in terms of sales.

There is a whole lot more that we can talk about. She is looking forward to hopefully having some of our ideas considered in terms of what our priorities should be. For her, it's increasing the number of jobs and making sure that these projects continue to go forward to get more of that TOT with those additional hotels. With El Corazon, we were told if we get this done, we're going to start seeing money generated in Oceanside.

We have a lot of challenges, but there is a lot of hope for us. There are a lot of really positive things going on. There's a lot of ingenuity. We've got Roddy with the Flying Pig, his farm-to-table restaurant. We could start having this synergy with our agricultural land. She's even heard people say: why don't we start this whole idea of farm-to-table? Even our breweries are growing hops and bringing them in, so there's that connection and all of that business staying in Oceanside.

There's a lot that we can talk about in terms of commercial/economic activity in our City. This is the kick in the pants. This is what we need to start doing and continue to do.

COUNCILMEMBER FELIEN has to challenge his colleague on what the definition of a balanced budget is. A balanced budget is when you are not spending more than you're receiving. For many years we did spend more than we received. Spending money from the reserves is not a balanced budget. You're allocating everything and accounting for it, but it is still a deficit budget when you spend more than you receive. Through 2008, 2009 and 2010, we spent more than we received. That's a deficit budget. We had to cut costs to get back in balance.

He doesn't understand the claim that we had 14 balanced budgets in a row, when the evidence in front of us clearly indicates otherwise. Maybe this lack of understanding explains the deficit budgets that we've had. Let's be honest in what we're saying here at the dais about what our budgets have really been.

MAYOR WOOD stated it's been some very tough years, not just for Oceanside, but for everybody. He felt comfortable pointing at the State of California. They took \$14,000,000 out of our budget one time with a promise to give it back. That would help our budget if they decided to give it back, but they haven't yet.

Things are tough. We're the largest City in north San Diego County. We're a very diverse City. He gives Carlsbad praise for what they've done with their City, but they have money to throw at every issue they have, whereas we usually have to try to

negotiate finances or do something with the community. He's looking back to how Oceanside was in the 1960's and 1970's. It was listed as the third worst city in the United States, per capita, for crime because of the Viet Nam war. Look at it then and look at it now. We've changed it a lot.

We were probably the busiest and most booming City in the San Diego region just before the economy bailout problem. Everybody was building here and that's when it was happening. It all came to a stop, not just here, but in the whole state. Some cities folded. We did have a balanced budget. He doesn't care if we used the reserves or whatever, it was a balanced budget.

We had a lot of conflict here on the Council. We want to be conservative with the money issues, but we were put into office for one reason: to do the best we can for the community. Let's face it, most of the people who moved here want to make sure they have quality of living and the nice things we expect and want. Those all cost money. Over the years we let go of a lot of City employees who provided all of those services. We did cut and try to make changes.

We've made some changes. We had a balanced budget, and we're doing fine as a City. He looks at Carlsbad and has said they did a better job than us. They're a different type of city. They're high-end and he pats them on the back. On the other hand, from what we've talked about tonight, in the future we need to bring more things to Oceanside and spend our money here. Through that tough time we used some of the reserves because we knew we couldn't cut any deeper without really cutting into issues such as quality of life and public safety. You can see in the pie chart where the money goes to. It's public safety.

If you look at every election in the past, you'll find that one of the top three priority items in the whole City is public safety: police and fire services. You have to pay for it. Remember, because we spent a lot more money on our police and fire, our crime rate went down about 37%. Everybody, including the military, said that Oceanside has drastically changed its image. That's what it was all about.

Part of that was the military draft. The military was drafting people for Viet Nam, so every loser in the Country came to Camp Pendleton. They'd get BCD'd, which is a bad conduct discharge. They'd get walked out of the front gate of Camp Pendleton and dropped into our City. We've worked on that through police and fire and changed it a lot. Our image is fantastic. He hopes it still keeps going up. We'll work hard at that.

He doesn't want to balance the budget on the backs of our employees. He certainly doesn't want to balance the budget on the backs of the seniors and veterans in our community, which happened recently in some of our issues. As much as the money was important for every issue, we got through these tough times. We'll do well. His priorities are not necessarily all about the great budgets and reserves as much as it is the people, the services they want from us and how we can continue to give those services at a better cost.

Our City Manager and staff have done a wonderful job with that. Here we are the biggest City, with a balanced budget and a little bit of money to spare. Carlsbad has something like \$64,000,000 in their reserves. That's nice. However, if he was a taxpayer in Carlsbad, he'd rather have that money in his bank account than the City having it in their reserves because they're taxing people too heavily. Also, what are they giving to their employees? The City wants to outsource everybody and have a second-tier system. There are a lot of things going on behind the scenes.

We did a pretty good job of protecting our citizens. He hopes things go well. We need to have more hotels, which we are doing. We're a tourism City, a military town and we're going in that direction. All of the North County mayors meet all of the time along with their staff, the Economic Development Commission (EDC), the City

March 5, 2014

Joint Meeting Minutes
Council, HDB, CDC and OPFA

Managers, etc. to try to bring more revenue to North County because San Diego is built out. All of the future building seems to be coming to north San Diego County. He hopes that will help us. All of those tax monies from the sales we have here allow us to provide the things the public wants, like safety, fire, police, clean beaches, clean air, etc.

This is a very strong Republican town because it's by a military base, but once they come into a town that is a beach community, although they're still ultra-conservative with financial issues, all-of-a-sudden they become environmentalists. They want a clean beach, clean water and they don't want a building blocking their view. They want quality of life.

He thanked the Financial Director and his staff. Our City Manager is going to have a workshop to address a lot of these issues. He invited citizens to attend or to email their questions to Council. It's not easy balancing the budget. That's why we have a City Manager and a City Attorney. He thanked the citizens for their input. Hopefully, we'll consider all input and do nice things. He can see from the charts that we're finally moving in an upward direction. He's happy with it. It could be better, but we're not in the business of getting a big reserve by taking it from the taxpayers, just to brag that we have a lot of money in reserves that's not being used for citizens. He's not too upset that we have a reserve that isn't killing taxpayers' budgets just to make us look good.

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 7:18 PM on March 5, 2014 to a workshop at 2:00 PM on Wednesday, March 12, 2014. [The next regular meeting is scheduled for 2:00 PM on Wednesday, March 19, 2014].

ACCEPTED BY COUNCIL/HDB/CDC/OPFA:

Zack Beck
City Clerk, City of Oceanside