ITEM NO.3

California

# CITY OF OCEANSIDE

## MAYOR AND COUNCIL WORKSHOP

### JUNE 2, 2014

**ADJOURNED MEETING 5:00 PM COUNCIL CHAMBERS**

**5:00 PM - OCEANSIDE CITY COUNCIL - WORKSHOP**

**Mayor**
Jim Wood

**Deputy Mayor**
Esther Sanchez

**Councilmembers**
Jack Feller
Jerry Kern
Gary Felien

**City Clerk**
Zack Beck

**Treasurer**
Gary Ernst

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**City Manager**
Steve Jepsen

**City Attorney**
John Mullen

NOT OFFICIAL
UNTIL APPROVED AT SUBSEQUENT
MEETING BY CITY COUNCIL

The adjourned meeting of the Oceanside City Council was called to order at 5:00 PM, Monday, June 2, 2014.

**2:00 PM - ROLL CALL**

Present were Mayor Wood, Deputy Mayor Sanchez and Councilmembers Kern, Felien and Feller. Also present were City Manager Jepsen, Assistant City Attorney Hamilton, City Clerk Beck and City Treasurer Ernst. Water Utilities Director Cari Dale led the Pledge of Allegiance.

**WORKSHOP ITEMS:**

1. **FY 2014-15 General Fund Budget Overview**

**STEVE JEPSEN**, City Manager, stated one of the most important things we do during the year is to allocate our resources for the following year. Hopefully, we can discuss these issues as we go through them. Council will give us any direction that they feel is appropriate, and we will bring it back in a regular Council meeting for Council's consideration and action.

If we had a theme for this year's budget, it would be public safety and the restoration of neighborhood services. Our capital budget is significant in its increases to ensure infrastructure maintenance and service enhancements. The General Fund budget will probably take up the most time out of the three budget items. This General Fund budget is considered a rollover budget with regard to services that were provided last year. We've taken what we're doing now and added incremental services to the budget. Council will see a significant increase in next year's budget. That increase is almost $7,000,000. It reflects three years of increased revenues. It didn't all happen in one year.

We have also included a small increase to recognize our employees for their contributions to the ongoing services that the City provided through the lean years. We're also recommending to begin setting aside funding for the $9,400,000 increase in the California Public Employee's Retirement System (CalPERS) that we will realize over the next nine years.

**JAMES RILEY**, Director of Financial Services, presented the proposed General Fund budget for Fiscal Year 2014-15. Looking at the General Fund historical trend from Fiscal Year 2006 through the proposed budget of 2014-15, we see that expenditures exceeded revenues through three years of the recession, using approximately $7,300,000 of reserves. The decline in expenditures after that through Fiscal Years 2010-11 and 2011-12 was attributable to a reduction of staff, benefits and outsourcing services.

Revenues began to recover in Fiscal Year 2011-12. Full recovery of property values will not be achieved until Fiscal Year 2014-15. We're looking forward to seeing the restoration in our property taxes this next budget year. Current revenue over expenditures is the result of three years of average increases of approximately 2.5%.

He highlighted some of the trends related to our three top revenue categories: sales tax, property tax and Transient Occupancy Tax (TOT). Sales tax hit a low of $17,000,000 during the recession in Fiscal Year 2009-10. We recovered to our pre-recession peak in Fiscal Year 2011-12, with a total of $19,500,000. We're projecting to go up to $21,300,000, which is an average increase of 3% over a three-year period.

Our property tax revenue, which normally lags our sales tax revenue by 12-18 months, was at its pre-downturn peak of $49,600,000 in Fiscal Year 2008-09. This reduction through the recession was much more dramatic than it was with sales tax, with a greater than 9% reduction in two years down to $49,900,000 in Fiscal Year 2010-11. Property tax recovery is slower than sales tax, but it will be increasing at an average of 2.25% over five years, which will bring us up to $50,200,000 in Fiscal Year 2014-15. Our TOT also decreased, just like most of our revenues during a recession. We're seeing an increase in revenues now due to new hotel construction and the SpringHill Hotel, which is already open.

In coming up with our budget, we started with a base rollover budget of $123,400,000. This was an increase of $1,900,000 over our 2013-14 adopted budget. This increase is due to various factors, such as staff increases, recurring appropriations that were approved during Fiscal Year 2013-14, an increase in CalPERS and other factors that were needed to sustain our current services.

Our Fiscal Year 2014-15 revenue is projected at $128,400,000, which shows an increase of 6.9% over three years. This averages a little more than 2% over that three-year period. The expenditures include the $1,900,000 that was noted previously for the rollover cost increase, $1,000,000 set aside for CalPERS and $1,400,000 set aside for employee wages. That leaves a balance of $2,600,000 in available funds that can be used for increased programs and services for our residents.

Our recommendation is that $2,600,000 be allocated to the departments and programs listed on the computer graphic. The Council-directed items include $500,000 for a fire truck, $25,000 for fireworks, $25,000 for the Arts Commission, $60,000 for Marshall Street Pool and $150,000 for deferred building maintenance. That totals $760,000. For general government, there is an allocation of $104,000 for improved and enhanced services. This includes $20,000 for contract services in the City Manager's office, $45,000 for regional contracts in the Economic Development Department and $33,000 for parking adjudication services and cash receipts computer hardware in the Financial Services Department.

For the Fire Department, in addition to the fire truck, we're suggesting allocated costs of $829,000, which includes $29,000 for two part-time lifeguards and $800,000 for

fire suppression overtime to fully staff fire costs. In the Police Department, we're looking at $698,000, which will include $141,000 for two new dispatchers, $231,000 for two downtown officers for our Homeless Outreach Team (HOT), $75,000 in overtime related to the homeless encampments, $231,000 for two gang suppression officers and $20,000 for two additional vehicles and fleet maintenance costs.

For Development Services, we're suggesting an allocation of $62,000 for increased services and required training. For Neighborhood Services, $122,000 is allocated for restored and continued services at various recreation centers. For the Library, $88,000 is allocated to restore hours at the Mission branch and to keep restored services with the Adelante Bookmobile. The total for all of these department program costs is $2,600,000.

We're also looking at some one-time funding in our proposed budget. Council had directed funding of $450,000 annually for the Radio Computing Services (RCS) radio project. Staff is proposing to set aside $1,000,000 in unallocated reserves from the General Fund in addition to $3,600,000 from excess liability reserves, which comes to a total of $4,600,000 towards project costs. The total cost for this project is projected at $8,500,000. It will be phased in over several years. The additional funding will come from grants or other revenue sources.

Additional one-time funding from reserves includes long-range planning, which is a five-year program to be done in-house at an average cost of $280,000 annually over the five years. This will also add one person to the planning staff, since it will be an in-house project. Under capital costs, we're looking at $100,000 for two unmarked police cars, $17,000 for lifeguard water craft replacement and $18,000 for a parking lot pay machine, which totals $135,000.

The Community Services GRIP Program relates to gang intervention programs in Crown Heights, Eastside, La Casita and Libby Lake. There was money set aside from the Laguna Vista sale, of which about $121,000 remains. We're suggesting using another $122,000 to fund that program through the end of Fiscal Year 2014-15. However, the funding to continue those programs would depend upon receiving future grant funds.

The total of these one-time allocations from our unallocated revenues for Fiscal Year 2014-15 would be $2,700,000. An additional $1,000,000 is proposed to be added to the Healthy City Fund to maintain it at 12% of total General Fund expenditures. General Fund reserves are therefore estimated to be about $28,400,000 as of June 30, 2014.

**DEPUTY MAYOR SANCHEZ** had asked that we look at what it would take to make Brooks Street Pool the correct size for kids to swim, have tournaments and compete for scholarships. She didn't see anything here.

**CITY MANAGER JEPSEN** responded we haven't done it yet, but we will. If we're able to expand the pool, it would have to come out of our unallocated reserves. We'll have to bring that back for Council action as a separate consideration.

**DEPUTY MAYOR SANCHEZ** wanted to see how much it would cost, then start looking at how we would be able to fund something like this if there truly is a demand from the community. She had heard that before, but now it looks like there's a special interest for this so that our kids can have a chance to get these scholarships that are pretty competitive.

**CITY MANAGER JEPSEN** responded it's a good idea to look at that, and we'll do that. It has always been an issue relative to the landfill, which is out by the parking lot. We'll certainly take a look at that in relationship to what it costs to expand it and what it costs to replace just the pool.

**MAYOR WOOD** stated that pool is used by all of the high schools and the college. We might want to look at other funding sources from those who use the pool all of the time.

**CITY MANAGER JEPSEN** responded we will do that. City Engineer Scott Smith reminded him that we have $10,000 set aside for the assessment of the pool in the Capital Improvement Program (CIP).

**COUNCILMEMBER FELLER** suggested that the study also include looking for a centrally located site as well, if this option is too much to go through. In Fiscal Year 2014-15, the budget worksheet shows that Council has a $66,000 increase. He asked what that is attributed to.

**MICHELE LUND**, Treasury Manager, responded it's simply the pay and benefit actual costs that we're anticipating based on how people are enrolled in healthcare costs. There are no new people, obviously. Eventually, it will roll over.

**COUNCILMEMBER FELLER** asked if there are pay raises.

**MS. LUND** responded no. Everybody is at F-step in that particular budget.

**CITY MANAGER JEPSEN** added it's a small percent of the total budget.

**COUNCILMEMBER FELLER** stated on the first computer graphic, Mr. Riley showed the general historical trend. He noted that on November of Fiscal Year 2009-2010, there was a huge increase in that budget that caused a more than $15,000,000 spread over a few years. It ultimately cost quite a few layoffs throughout the City. He asked if Mr. Riley foresees any of those huge spikes going into the future.

**MR. RILEY** responded not that he is anticipating.

**COUNCILMEMBER FELLER** stated that was a serious thing for this City. Somehow we've weathered the storm through the layoffs and budget cuts. He acknowledged all City staff who were able to maintain during that time. He **moved** to approve the first portion of this General Fund budget.

**DEPUTY MAYOR SANCHEZ** stated this is a workshop. Aren't we just asking questions at this point?

**COUNCILMEMBER FELLER** responded it's direction to staff.

**DEPUTY MAYOR SANCHEZ** is not ready to do that.

**CITY MANAGER JEPSEN** stated past practice has been that we just get general direction from Council with regard to the budget.

**DEPUTY MAYOR SANCHEZ** stated the public needs to weigh in.

**MAYOR WOOD** stated that's why it's a workshop. Later on when staff gets back to us, we'll have other workshops and then make the final vote.

**CITY MANAGER JEPSEN** stated if Council doesn't have any more questions on this section, we can move on to the airport.

**COUNCILMEMBER FELIEN** asked regarding the pool project for El Corazon where one developer was promising the Olympic-size pools that met all of the qualifications, is that project still alive?

**PETER WEISS**, Consulting Assistant, stated that project is still moving forward. We are planning to update Council on terms and conditions at the next meeting. They

are still seriously pursuing it and have agreed that the pools would be available for limited public use.

**COUNCILMEMBER FELIEN** asked if that project succeeds in going forward, does it solve the pool problem or is there not enough time available and we would still have to consider a City pool that met these qualifications.

**CITY MANAGER JEPSEN** believes there is such a demand for facilities in this community that, regardless of what happens with this project, we need additional swim facilities. Whether that's in the form of a complex or an individual pool is still a decision that Council will have to make. We'll have to weigh those things. He asked Mr. Weiss for a timeframe.

**COUNCILMEMBER FELIEN** suggested that the report incorporate whatever use we'll be able to have for this facility if it actually looks like it's going forward, and see how that impacts our decision.

**MR. WEISS** responded in the best of times, we would not have people swimming in a pool at El Corazon for probably eight years.

**CITY MANAGER JEPSEN** agreed that's in the best of times. We have a current demand problem that suggests that perhaps we should be doing more than looking at expanding Brooks Street Pool.

**DEPUTY MAYOR SANCHEZ** asked regarding the senior center kitchen, there are some funds allocated to pursuing getting that kitchen done. What is the status?

**MARGERY PIERCE**, Housing and Neighborhood Services Director, stated the addition of the kitchen is part of phase 2, which is identified in our CIP budget. However, it is currently unfunded.

**DEPUTY MAYOR SANCHEZ** asked if staff has allocated funds in order to work at figuring out how much it's going to cost, doing the initial studies, etc.

**MS. PIERCE** responded there were initial studies done when the project was brought forth for phase 2. It was millions of dollars. It included adding a ballroom and then furnishing the kitchen. The kitchen furnishings were estimated to cost around $700,000 at that time. As far as she's aware, it's still an unfunded project.

**DEPUTY MAYOR SANCHEZ** wanted to include getting it done in steps. We have been working on this for several years. This is definitely something that the community demands. It would actually make a lot of money as well. It would raise revenues if we had a full kitchen in the facility.

**CITY MANAGER JEPSEN** stated we can certainly look at what a full kitchen would cost as originally planned. We can update that, or we can also look at alternatives for something that might not be as big as the kitchen that was planned, with the ballroom, etc. It would be helpful if we had more kitchen services there. Until we have the full ballroom, he's not sure that we need to have a full commercial kitchen at that location.

There are some issues with being able to do a lunch program at the senior center similar to the lunch program we have at the Country Club Senior Center. The lunches have to be served in a low-income area. It would not have the same utilization as the other kitchen, but it might have more appeal from a revenue standpoint. We can certainly look at the cost-benefit and bring it back. He'd be happy to add that evaluation to our CIP.

**COUNCILMEMBER KERN** asked how Mr. Riley would classify the revenue projections. Are they conservative, aggressive or middle-of-the-road?

**MR. RILEY** responded they are middle-of-the-road.

**COUNCILMEMBER KERN** asked if Mr. Riley is about 75% confident that these numbers are going to pan out.

**MR. RILEY** responded probably better than that, but at least 75%.

**COUNCILMEMBER KERN** stated with the Laguna Vista one-time money to fund an ongoing program, he's concerned because that money is going to run out at some time. He asked if we're applying for grants now. If we get grants in this fiscal year, can we supplant this money, put it back in reserves and use the grant funding for the program? It's always a concern when we use one-time funds to fund programs.

**CITY MANAGER JEPSEN** stated Councilmember Kern is talking about the GRIP program.

**MS. PIERCE** responded we are constantly looking for grants. We are collaborating with Vista Community Clinic on a grant that, if funded, would definitely replace a lot of the funding that Council would be allocating tonight. We wouldn't use the money, and it would be available in the General Fund again. It's dependent on us being successful in receiving grants.

**COUNCILMEMBER KERN** stated an ongoing funding stream for an ongoing program is preferable.

**MAYOR WOOD** stated we laid off quite a few people over the last few years. Those are the same people who provide services. He wants input. This is a workshop to get information. Either we're going to hire some people back to provide services as part of the budget, or maybe it would be better to have pay raises for our employees who haven't gotten one in five years. He wants to get feedback from the employees about having more people back to help them with their jobs, or to look at some sort of pay raises. We don't have to answer that now, but he wants to throw it out there because it's a catch-22 to decide between hiring more people or to have pay raises.

**DEPUTY MAYOR SANCHEZ** agrees. She is concerned that we have been losing people. The main reason is that we're just not competitive. It costs us in terms of retraining, etc. We laid off over 100 people. Employees are probably working double-time for less pay because everything has gone up, including healthcare costs. She would like to start looking at where we should be as a City of our size. Our employees tend to be our ambassadors out in the community. If the morale is so low that they're just trying to get through or possibly even having to go to a second job, then we're not serving the public.

**CITY MANAGER JEPSEN** stated we have put in this budget a little less than a 2% reserve to deal with not only the raises we've given, but other raises we might be able to give this next fiscal year. We have the necessity to deal with some of the positions. There are quite a few that are not where they should be because of the length of time that they've gone without pay or step increases. Some of these we'll be talking about at another meeting. The challenge is being able to restore the employees at the same time that we're moving forward with trying to deal with some of the pay inequities. It would be nice to know how the employees feel about pay raises versus the restoration of positions, although he thinks he knows what they'll say.

The other issue we have to deal with is that, as we look at our revenue projections in that 2.5% a year range projected out, 1% of that increase is going to pay for CalPERS for the next nine years. We're going to be challenged. This is the exact same position that all other cities are in. There aren't any cites that are in much better financial shape than this City is right now on a go-forward basis, but we're all going to be stuck with that big CalPERS bill that looms in front of every community. They're

going to have to deal with it sooner or later.

He would like to hear from the employees if they have a preference.

**MAYOR WOOD** thought this was important to bring out early in the budget hearings. He'd like to see it addressed in some form.

**COUNCILMEMBER FELLER** stated a lot of people were laid off. We have to prevent that from happening going into the future. That's a huge spike representing $15,000,000 over that period of time. If we had not spent that money, we would have probably been in much better shape.

**CITY MANAGER JEPSEN** suggested moving on to the harbor budget.

**MR. WEISS** stated that, although the harbor budget is rolled into various departments' General Fund budgets, we wanted to highlight them separately. The changes have been reviewed and endorsed by the Harbor and Beaches Advisory Committee. The harbor budget is a rollover budget from the prior year, with three changes. One is upgrading the Harbor and Beaches Coordinator position to a Harbor Manager position. That's a total increase of about $35,000. We're also upgrading the harbor financial system. That's approximately $50,000, and it's underway right now. We're also going to be replacing one of the harbor patrol boats. That's going to be initially funded through fleet. An annual contribution of $80,000 will be made from the harbor to repay that initial advance and to start setting aside some money for the eventual replacement of several other boats.

The Harbor and Beaches Advisory Committee is looking at various options as to how many boats they need. There is also a police services study to look at the overall number of police officers and overhead in specialty services that are being provided to the harbor to see if they're paying the fair share for those police services. There are several other pending issues that the Harbor Committee will be looking at over the next few months. These include the slip transfer policy, where we currently allow slips to transfer with the sale of a boat, and looking at expanded office hours.

The California Environmental Protection Agency (EPA) is also looking into the ability for all of the boats in the harbor, particularly the liveaboards, to discharge their gray water directly into the harbor. We've had complaints. We're looking at what we can or can't do.

This will be presented to the Harbor and Beaches Advisory Committee in September. If there's a change in the budget as a result of those issues, we will bring that separately as the year goes on.

**DEPUTY MAYOR SANCHEZ** stated we're trying to find a holistic approach to the harbor. It's not your typical enterprise fund because different things are covered by different departments. 75% of the revenue is from the slip fees. If we're really looking at getting a harbor master to take on a larger role, then perhaps it should be more of an enterprise fund. It's just like how we're now treating the airport with their ideas about having restaurants, etc. How can money that is raised at the harbor be reinvested into the harbor to make it a place where even more people come? Obviously, summertime is a time when you can't find a parking spot anywhere, but the harbor is a great place throughout the year.

The vacancies for the slips are very low. Raising the slip fees, which is what the Harbor and Beaches Advisory Committee has suggested all along, is not going to get us more revenue because then you're looking at more vacancies. The Harbor Committee has some good ideas. She hopes that the City Manager's office will be working with them to figure that out going forward.

**COUNCILMEMBER FELLER** asked when somebody wants to sell a boat, can

they sell the slip with it?

**MR. WEISS** responded that's correct.

**COUNCILMEMBER FELLER** asked even if the boat doesn't float, like a houseboat that's just sitting there?

**MR. WEISS** responded the boat has to float and pass an inspection. We've received complaints about people artificially inflating the price of the boat because they want the slip.

**COUNCILMEMBER FELLER** stated staff needs to look into that.

**COUNCILMEMBER FELIEN** stated a few years ago we passed a tiered rate increase in the harbor. As the rate increases have gone into effect, have we had any increase in slip vacancies, has it stayed stable or has it gone down? What impact have the rate increases had?

**MR. WEISS** responded the rate increases are in effect. They are scheduled increases. For the smaller boats of less than 30 feet, there is no longer a waiting list. There are still waiting lists for the larger slips. Although the total numbers have gone down, the wait time is still fairly significant.

On the issue of the boats and what we need, **COUNCILMEMBER FELIEN** asked if the boats are going to be multi-purpose, or are the fire department lifeguards going to have one boat and the police department another boat? How does that work?

**MR. WEISS** responded right now the Police Department has three primary boats, and the lifeguards have one. The lifeguard boat is allocated about 11% to harbor operations, and the rest is from the General Fund for standard lifeguard operations. The Harbor Committee has asked for statistics on how often and how many hours the various boats are being used. That information is in the process of being put together by both the police and lifeguards. We'll be going back to the committee for further evaluation and recommendation to Council.

**COUNCILMEMBER KERN** asked why we are doing the expanded office hours.

**MR. WEISS** responded that was a pending issue. Part of the issue is that the harbor offices are not open on Sundays or after-hours. There's also an issue with people taking time off. The Harbor Committee asked, instead of hiring someone to expand the office hours, to implement the financial system first because it will allow for online payments. They can see what happens once that occurs and then revisit the issue of the expanding office hours later.

**COUNCILMEMBER KERN** stated the City built that harbor. He remembers paying those bonds off on his water bill for years. He would like to see the harbor as self-supporting as possible with a minimum of General Fund support. It's an enterprise fund and should be treated as an enterprise fund. He doesn't want to put a lot of General Fund money into the harbor. That's his direction.

**DEPUTY MAYOR SANCHEZ** stated it's actually money that is coming from the harbor to the General Fund.

**MR WEISS** stated the money is TOT that's generated, and then the harbor makes the lease payment to the City.

**DEPUTY MAYOR SANCHEZ** asked how much the harbor pays to the City.

**MR WEISS** responded the lease payment to the City is around $500,000 a year.

**DEPUTY MAYOR SANCHEZ** asked what the TOT is.

**MR WEISS** doesn't know what the TOT is.

**MAYOR WOOD** stated everybody tells us that the airport, harbor, pier and mission are the jewels of Oceanside. They all are, but the harbor is one of the top jewels. It's important for us as far as the income aspects. Some of the area is old and needs to be refurbished. He doesn't mind that because the public goes to the harbor and to the beach. That's the best beach we have as far as recreation, recreational vehicle (RV) parking, etc. The harbor is the highlight. He doesn't like seeing the rate increases going too high for the boats that are already there. We had 1,000 people on the list trying to get into the harbor. It's popular.

We got one homeland security boat. However, they pulled the Coast Guard cutter out. His concern is if there's any possibility of getting homeland security or anybody else to help pay for that new boat. Our patrol boat takes everything from here almost all the way to San Diego. We also take everything from here all the way to San Clemente and Dana Point Harbor. We have a big area that our boats get called out on, whether it's a plane down, boat hazard, etc. We're the only harbor and have the only rescue boats in the area. He would think that some of the other cities or the County would kick in for that boat because we are doing all of the patrol for all of North County. Since Homeland Security pulled out the cutter, they might be willing to give us a secondary boat. He asked staff to look into that.

In the past, he's been asked to have some sort of military boat museum in the harbor. We can't take an aircraft carrier or a battleship, but maybe something like an older model submarine. It could be an ongoing museum near Camp Pendleton, with navy seal-type stuff that could be a draw. It would be a museum where you pay to get in to see it. Other cities are doing it. Since we have such good contacts at Camp Pendleton and San Diego, it's something that he would like to get feedback on.

2. **FY 2014-15 Capital Improvement Project (CIP) Budget Overview**

**SCOTT SMITH**, City Engineer, stated the CIP workshop presentation is not a comprehensive examination of each individual project, but simply highlights special interest projects that may need new existing funds or a request for additional funds.

The majority of the projects lie within the water, sewer, municipal buildings and Transnet programs. We have a total budget of about $90,000,000. There are over 110 project line items in this years' budget, and approximately $13,000,000 in new funds being allocated. Transnet-funded projects include street restoration. Council has continuously identified that as a priority program. It includes some bridge projects, the detention basin, the Coast Highway corridor study and the Transportation Management Center. Within the bridge projects, we're hoping to get 100% reimbursement for the Coast Highway bridge project. That is significant, since that project could end up costing $25,000,000-$30,000,000.

New projects also funded by Transnet include the Quiet Zone project, North Avenue slope protection, some accessibility projects and ancillary access to El Corazon at Ocean Ranch Boulevard. The Thoroughfare Program is funded by developer impact fees. Within that, existing projects include the Melrose extension, College Boulevard projects, the Thoroughfare Master Plan impact fee update, and the El Camino Real bridge widening.

Within the Drainage Program, which is also funded through developer impact fees, we have the San Luis Rey River clearing, the update to the impact fees for the Drainage Master Plan, the Multiple Habitat Conservation Plan and the North Avenue channel protection study. The Municipal Buildings program is funded by the deferred impact fee, as well as by the General Fund. We have the radio system replacement, fire truck replacement, Emergency Operations Center (EOC) back-up power design study,

the beach restroom projects and the Brooks Street Pool site assessment that was previously mentioned. Under miscellaneous City projects, we have the long-term zoning effort, as well as the Arts Commission item.

**COUNCILMEMBER FELLER** stated regarding the widening of El Camino Real at Vista Way and the bridge widening, we need to move on road repair there if we are going to delay this widening too much longer because that road is a disaster.

**MR. SMITH** responded the widening is specific to the bridge portion. We're dealing with Caltrans right now because they're going to be doing improvements on Highway 78. We're trying to figure out the timing of those improvements because we don't want to spend millions of dollars and then have Caltrans pull out the bridge on their widening. There are some deficiencies with that bridge as far as height requirements. We believe that Caltrans will end up doing that project. We'll pull out with their agreement. Ultimately, it will be done with Highway 78.

**COUNCILMEMBER FELLER** thought so, but he just wanted to get it in the mix. That's a terrible intersection.

**COUNCILMEMBER FELIEN** addressed Mission Avenue by the Mission where it's currently a two-lane road. He noted if the current project that's next to the Mission goes through, that part will be a four-lane road with one section at the intersection of Rancho Del Oro that's a two-lane road. He asked if there are plans to make Mission Avenue a complete four-lane road from the beach all the way to Frazee Road.

**MR. SMITH** doesn't recall a specific project identified, but we'll look into that. The Circulation Element has analyzed that area.

**COUNCILMEMBER FELIEN** stated it's a quarter mile that would be a two-lane road.

**DEPUTY MAYOR SANCHEZ** asked if we are getting some of that money back on the Coast Highway bridge replacement over the San Luis Rey River.

**MR. SMITH** responded yes. Right now it appears that we will get 100% reimbursement for that project, which we're excited about.

**DEPUTY MAYOR SANCHEZ** asked if that includes the kind of art that we talked about during the Coast Highway Vision Plan. Was that included in the plans?

**MR. SMITH** responded when Caltrans reimburses the aesthetic component, that's real touchy. They're not going to pay for the aesthetics, so we can add some monies to that. Typically, you try to integrate it into the structure so that it's included.

**DEPUTY MAYOR SANCHEZ** has seen some really nice artsy work along the I-5 Freeway that she's sure Caltrans paid for in some nicer communities. We deserve the same treatment.

**MAYOR WOOD** stated the bird art along the I-5 at San Juan Capistrano is beautiful.

**DEPUTY MAYOR SANCHEZ** is amazed at how much money Caltrans has spent on beautification projects. If it's been done before, she wants to make sure it happens here too.

**MR. SMITH** responded absolutely. We see that as a gateway-type project. It is highly visible. We've just selected a design team that is looking at those aesthetically pleasing design elements, to see if we can add some curvilinear aspects into it, as well as have some additional access to the bike trail. We have some potential opportunities there that we are hoping to take advantage of.

**DEPUTY MAYOR SANCHEZ** will be opposing any more funds towards the Melrose extension. $1,200,000 is a lot of money.

**MAYOR WOOD** would say the same thing. That's money that could be used somewhere else. We would still have to potentially take away several houses by eminent domain to do it. You have to have a 4-5 Council vote, so that's probably not happening any time soon.

A while back we were looking at a fast response fire vehicle that could go underground into the parking structures of high-rise buildings. We have high-rise fire trucks, but you can't get any of the vehicles underground. He asked if we'll be getting any of those in the future. He doesn't want to have fires in the underground parking lots and not be able to get down there.

**DARRYL HEBERT**, Fire Chief, responded when the Wyndham Hotel came we did purchase a Type-6 vehicle that goes underground.

**MAYOR WOOD** asked how about the fast response vehicles that are pulling out the big rigs. Is that something we'll have in the future?

**CHIEF HEBERT** responded we're working with the City Manager and hoping to implement a Squad program starting in July. The department just had a meeting on it today, and he will be reporting back to the City Manager.

**DEPUTY MAYOR SANCHEZ** asked if the Thoroughfare Master Plan is where we would be looking at completing a bicycle master plan for the City.

**MR. SMITH** responded we have a Bicycle Master Plan. We will be updating it. That line item in the Thoroughfare Master Plan is finishing up the impact fee adjustment.

**DEPUTY MAYOR SANCHEZ** stated perhaps her idea of a master plan is not the same thing as Mr. Smith's idea. She was very discouraged to hear that the San Diego Association of Governments (SANDAG) had a $200,000,000 grant program for bicycle plans and construction. We got $1,000,000 for a project that we've been working on for 15 years. That's the coastal trail project. She has been looking at other cities that are doing phenomenal things, including separated bike paths and really integrating a bicycle network within communities.

Choking down Rancho Del Oro Road to have a real bike path heading to El Corazon would be appropriate because that's going to be a destination point for a lot of kids and parents. A separated bike path would be the safest way to make it happen. Plus, we would have probably been able to qualify for some of that grant money. She wishes we could have gotten $20,000,000 versus $1,000,000 for something we've been working on for 15 years.

She hopes we can make our City a bicycle-friendly city looking forward. Other cities are doing it. They're bringing in more revenue and tourism because they are becoming that class-A-type bicycle community. That's what she would like to see for Oceanside.

**CITY MANAGER JEPSEN** stated there is a lot we can do to make Oceanside more bicycle-friendly. It is more bicycle-friendly than it was in the past and it's getting more so. There are a lot of things we could do to make it even more bicycle-friendly. He rides his bike to work. When he comes across Rancho Del Oro Road, it occurs to him that it would make a nice corridor and cross-connector for the community. It would take some of the bicycle traffic off the busier streets, and it would be safer. There are a lot of kids in that area.

As we move forward with this revisiting of the five-year plan, those things need to be considered as part of that plan to make us eligible for funding. We need to be diligent on that. The people who are interested in bicycling in this community need to get involved. We have some great folks working on this. We have people who are very creative with regard to bicycling in the community. Hopefully, we can see more of that.

**COUNCILMEMBER FELIEN** stated there is one location that he would urge the City to look at. That's on Oceanside Boulevard going west just as you cross El Camino Real. At the little island there, suddenly the bike lane disappears. There isn't room for two cars and a bicycle. It's a tough spot. He would never want a kid or anyone else having a bicycle at that spot because it is extremely dangerous. There's bike trail beyond it and bike trail in front of it. He urged staff to look at that spot to see if there's something that can be done to add the few feet needed to make it a safe transition.

**CITY MANAGER JEPSEN** stated we can look at that. He rides that path every day and passes that island. There is enough room. There could be more, but there is enough room.

**MAYOR WOOD** stated it's really a very safe intersection.

**JASON DAFFORN**, Water Utilities Division Manager, stated the Water Department presented a detailed Capital Improvement Program at the Council meeting on March 26th during our workshop. All of the projects listed in our budget for both water and sewer for Fiscal Year 2014-15 are directly from that workshop. For this presentation, the water projects are separated into the three categories of existing projects, new projects and water supply projects.

Of the existing water projects, he considers three of them to be significant. They are the South Oceanside water line replacement project, which upgrades undersized water lines to our standards in several blocks in the South Oceanside area; the Reservoir Structural Analysis and Rehabilitation project, which for this phase is two reservoirs that will receive seismic retrofits; and the Supervisory Control and Data Acquisition (SCADA) upgrades project, which is a complete overhaul of our SCADA for the Water division. These projects total approximately $17,000,000.

Looking at the list of the new water projects, one of the significant projects is the downtown water line replacement, phases 1-5. This is a multi-year project that we're starting in 2014-15. It is a continuation of the South Oceanside water line projects, where we will be upsizing all of the current undersize pipes. He considers downtown anything to the west of the I-5 Freeway. These projects total just under $9,000,000.

The last list shows the water supply projects that we consider part of our goal of achieving what Council has set, which is becoming 50% self-sufficient by 2030. One of the major projects listed is the Ocean Hills Recycled Water project, which will provide recycled water to our southern-most community in Oceanside. The total for water supply projects is just under $7,000,000. This total, combined with the other three tables, brings our entire Water division projects for Capital Improvements to $33,900,000.

Similar to the water projects, he has separated the sewer projects into the two categories of existing projects and new projects. Of the existing sewer projects, there are two that he noted. One is the Land Outfall Replacement project, which is not on the list. It's about $756,000 for design services for the replacement of our land outfall. The other one that is also not on the list is our Haymar sewer evaluation, which is the evaluation to relocate the Haymar sewer line. We have a $200,000 price tag on that evaluation. Although they are not on the list, they are in the proposed budget. That would take the total for the existing sewer projects up to about $16,000,000.

Looking at the list of new sewer projects, he noted the Downtown Pipeline project, phases 1-5. It's a multi-year project very similar to the water side. It is pipeline

west of the I-5 Freeway that is undersize and needs to be brought to our current standards. The total for new projects is approximately $6,000,000. This brings our total for the Sewer division Capital Improvements for the next fiscal year to $22,100,000.

All of the projects, both water and sewer, will not be affected by the La Salina decision that needs to be made by Council in the upcoming months. All of these projects are required regardless of the final decision made by Council for the treatment facility.

**COUNCILMEMBER FELIEN** stated we got burned with the Haymar sewage leak and repair. The ball got bounced around for a variety of reasons. He wants to make sure there's no issue of infrastructure projects that staff wishes were moving along faster, but are being held up for some reason, whether it's federal, State or internal bureaucracy. He asked if there is anything that we might get burned on. Are we basically happy with the timelines for all of the projects that are being proposed?

**MR. DAFFORN** responded obviously we'd like to move fast on all of our projects if we can. One of the projects in the budget is our Lake Boulevard sewer project, which is going out to bid in the next month. That is along the same segment upstream of where the break occurred. It is a pipeline that crosses Buena Vista Creek. We will be realigning that pipe and getting it out of the creek and into our City right away. That way we can avoid any future spills.

**COUNCILMEMBER FELLER** stated it sounds like we're going to have a lot of street paving going on too.

**MR. DAFFORN** responded that's correct. We work closely with engineering on our projects. We try to incorporate some curb-to-curb overlay when the project is done, especially with the downtown projects he's proposing. Phases 1-5 will have both water and sewer getting replaced, and then we'll work with engineering to combine funds, do an overlay and have a nice street when we're finished.

**MAYOR WOOD** stated Councilmember Feller is correct. It seems like every time we do a resurface of slurry, the next week they dig it up. It would be nice if the departments worked together to get it done at the same time.

**COUNCILMEMBER KERN** stated with these downtown water line replacements, we're going to have hotels built and will be ripping up the streets. He asked what the timing is on ripping up the streets downtown again. He's very concerned. In the long-range it will be great, but in the short-term are we going to be driving through torn up streets every summer?

**MR. DAFFORN** responded as part of this design process, we're going to have the consultant work with engineering and planning so that we know what kind of major development projects are coming up. They're going to be scoped with a strategic plan on how we can accomplish the work we need to do with these pipelines, yet have as minimal an impact on the community as possible, knowing that during the summertime we have increased traffic for a beach area. That's part of the scope that our consultant is going to be tasked with. They'll put together a plan, which will avoid a lot of confusion and anxiety for the downtown area as best as possible.

**CITY MANAGER JEPSEN** stated it's hard to coordinate tearing up the streets right after you redo them. It seems to be the standard, not just here, but in most cities. We have a little more discretion with the schedules for the utilities in terms of a critical timeframe for putting those in. Perhaps we can look at a master schedule for the downtown area, to see if we can't minimize the disruption of the timing of the project, as well as minimize the disruption of the actual construction work.

**CARI DALE**, Water Utilities Director, stated it's about a ten-year program to get all of the substandard pipes upsized, so we do have quite a bit of flexibility in the timing

of it.

**COUNCILMEMBER KERN** stated Ocean Hills is the only place where we buy treated water. He asked if we talked about starting to use Oceanside water through the system versus buying treated water from Ocean Hills.

**MS. DALE** responded we've been talking quite a bit about optimizing which supplies we use. Certainly, using our local supplies first is one of the things that we're striving towards in the future. There is a pump station in the current CIP, which would help us do that. That's in the budget that Mr. Dafforn mentioned, although he didn't highlight it.

**MR. DAFFORN** stated we are accelerating that project because we feel that the return on investment is going to be very short. We're evaluating it and will move forward as quickly as we can.

**COUNCILMEMBER KERN** is very concerned because the treated water costs are going to include the Poseidon project. The quicker we can get off that cost, the better. We may have to invest some money, but in the long-term we'll be better off to use our own water than buying treated water.

**MAYOR WOOD** stated fixing and modernizing our water/sewer systems is important. These are big numbers for water and sewer, but one spill or leak can cost $5,000,000-$10,000,000 in fines. We have to keep on top of this because the fines are astronomically high. This is expensive, but it's always wise to fix things before they break.

**CITY MANAGER JEPSEN** stated that, for the money that was set aside from the sale of the mobile home park for Whelen Ranch sand replenishment, we're recommending that the money continue to be set aside for sand replenishment and held in a sand replenishment account for opportunities that may come up in the future, since it doesn't look like we're going to be utilizing it for Whelen Ranch sand.

Councilmember Felien had asked if there is anything else that is a perennial problem for the City. The San Luis Rey River project seems to be a perennial issue for how we're going to move into maintaining it and removing the requirement for insurance in the valley. It has a long timeframe. It'll continue to stretch out to 2020 at this point to be able to get those restrictions off the properties in the valley.

The comprehensive CIP budget is in excess of $86,000,000. It's a lot of money, but it will be doing a lot of good.

**COUNCILMEMBER FELLER** asked if there is anything that we can do in the grant arena for vector control in the Buena Vista Lagoon. That's becoming a perennial problem. He hopes we're keeping our eyes open for that too.

**MAYOR WOOD** stated last year we had to kick in money along with Carlsbad to get vector control to do the helicopter drops for the cities. Every year we're picking it up. He hopes that vector control and the County might do that.

**CITY MANAGER JEPSEN** asked Deputy Mayor Sanchez if Buena Vista Lagoon has made any progress on the removal of the weir.

**DEPUTY MAYOR SANCHEZ** responded no. That's an ongoing discussion point.

**MAYOR WOOD** stated we ended up giving $100,000, and Carlsbad also gave $100,000 to do the environmental impact study with SANDAG just to get them to move forward on that big issue. They haven't done much on the vector control of the mosquitos.

**COUNCILMEMBER KERN** stated there has been talk about cutting down some of the reeds in there. The problem with the helicopter with vector control is that they drop a dry pellet and it gets caught in the reeds and doesn't get into the water. They were talking about a lawn mower–type machine that floats along the water and cuts some of those reeds down to make that effective. They're working with the Department of Fish and Game to do that.

**DEPUTY MAYOR SANCHEZ** stated they have to get the permits from all of the wildlife agencies to be able to do that. Since that tax came in, the vector control department has a lot of money. It's not the money that's the issue. It has to do with the wildlife agencies.

**COUNCILMEMBER FELLER** stated the actual reed cutting is supposed to be done in the fall this year.

**DEPUTY MAYOR SANCHEZ** stated the best thing to do is to flush it out and finally have ocean water come in. It would kill the reeds completely and would be the real solution to what is happening with the vector issue. A lot of our residents are now especially concerned. All around the lagoon, we're getting a lot of complaints about the vector situation. If we were to move on that, we would solve the problem.

3. **FY 2014-15 Utilities Budget Overview**

**CARI DALE**, Water Utilities Director, stated this presentation depicts the proposed revenues and expenditures for water, sewer and solid waste utilities. These three budgets total approximately $110,000,000 in expenditures for Fiscal Year 2014-15. For water, revenues of transfers are projected to be $74,900,000. Charges for service are the bulk of the revenues for the water fund. They are projected to be $58,500,000. They are anticipated to increase by $6,700,000 this fiscal year over the previous fiscal year.

Charges for services include revenues for fixed water service costs, water consumption, miscellaneous fees for services and revenue for water sales to the Vista Irrigation District. Charges for service fund the operating budget, as well as funding the annual replacement cost of $6,800,000 for water capital. Water sales to Vista account for an additional $573,000 in revenues this fiscal year over the previous fiscal year. They reflect operational optimization at the Weese treatment plant. Water sales are anticipated to bring in $4,500,000 in additional revenues due to the projected increase of 28,000 acre feet in water usage this year from a historical low in fiscal year 2011-12 of 24,300 acre feet per year.

Developer fees and use of money and property have been adjusted downward to reflect actual trends in developer revenues that were seen in the water utilities and lower projections for interest earnings.

**MAYOR WOOD** talked to Ms. Dale before about the increase of developer costs in water. The developers thought it was a 30% increase, but Ms. Dale didn't agree. He asked what is going on with that now.

**MS. DALE** responded the developer fees shown are not shown with the increase. That should be coming to Council in the next few months, but she doesn't have a number on that at the moment. We're still working on the analysis, but that sounds very high.

There is a $14,800,000 variance over the previous year in the "other" category. That represents a transfer out of the operating fund and into the capital fund. On the expenditure side, expenditures and transfers are anticipated to total $69,500,000. Small capital outlay within the operating budget includes $95,000 for leak detection equipment and tools at the water plant. This is more optimization of our system.

Interfund charges and personnel services show decreases of $300,000 and $39,000 respectively. The maintenance and operations budget increased by $7,100,000, chiefly due to anticipated increases in the overall amount of purchased water, as well as a one-time cost of $700,000 to pay for one-third of the overall cost to replace the billing system used by water, sewer and solid waste funds. Transfers also reflect the $14,800,000 transfer from the operating fund to the capital fund. The net total reflects a surplus.

For the sewer fund, revenues and transfers are projected to be $48,000,000. The revenue categories include charges for service. Charges for service are fixed and variable sewer service fees, revenue for treating Rainbow flows at the San Luis Rey Wastewater Treatment Plant, as well as reimbursements from Fallbrook, Camp Pendleton and the City of Vista for outfall and flow transfers. The total revenues are $36,600,000, which funds the operating and annual replacement costs of $8,300,000 in the capital program. The increase of $1,500,000 in charges for service is attributable to increases in flow-related charges as a result of implementing the cost-of-service study that we talked to Council about last fall.

As in the water fund, developer fees and use of money and property have been adjusted downward to reflect actual trends we are seeing and lower projections for interest earnings. Other revenues and transfers reflect a $10,900,000 transfer from the operating fund to the capital fund. Anticipated sewer expenditures and transfers total $35,200,000. Interfund charges and personnel services have both been adjusted downward. Maintenance and operations costs reflect an increase of $1,170,000. As in water, $700,000 of that increase is attributable to one-third of the costs of the new billing system. Additionally, a variance in the amount of $10,900,000 for transfers out reflects the transfer from the operating fund balance to the capital fund. The net cash flow reflects a surplus.

For the solid waste utility, revenues are projected to total $19,900,000. The increase of $400,000 in revenues for contract trash reflects the Consumer Price Index (CPI) increase of 1.74%, which was recently adopted by Council and allowable under the Waste Management agreement. The action also reduced the amount of revenue going into rate stabilization by about $260,000. Revenues are projected to remain flat for a collector payment of $1,700,000. The $1,700,000 collector payment reflects 9% of gross receipts for the first contract year. Gross revenues of 9% that are greater than $1,700,000, and that occurred in the last fiscal year are called excess revenues. This reflects $80,000 of the revenues.

Miscellaneous and solid waste revenue increases of $18,000 are attributed to increased donations and recycling rebates from the State. Waste and recycling administration costs total $25,500,000, and include $34,000 in interfund charge increases and maintenance/operation cost increases of $1,100,000. This also includes the $700,000 for the solid waste share of the billing system replacement, as well as increased payments to Waste Management as authorized last week.

The waste and recycling administration budget funds contract administration, payments to Waste Management and its proportional share of the cost for utility billing and centralized call center. Personnel services reflect an increase of $100,000 in order to fully implement the Zero Waste plan. Transfers out increased by $257,000 due to increases in internal service charges and costs associated with managing the green waste contract. The net cash flow shows a deficit.

Other revenues coming into the solid waste fund include storm water revenues as a component of the solid waste bill, as well as a separate line item on the utility bill entitled "City Services." This is a flat charge of $3.77 on each bill. City services and storm water revenues fund street sweeping, solid waste share of risk management costs, code enforcement related to solid waste activities, storm drain inlet cleaning, landfill maintenance and right-of-way cleanup. Costs for risk management decreased slightly, while the transfer to the General Fund for street sweeping, right-of-way cleanup

and landfill maintenance showed a slight increase.

Some of the more notable budget changes include the new billing system, totaling $2,100,000. That is split equally among all three utilities. For water, $175,000 is for chemical purchases at the Weese Water Filtration Plant. That is associated with increased water treatment and water sold to the Vista Irrigation District. This is offset by $573,000 in revenues from the Vista Irrigation District. There is an increase of $336,000 for increased repair/maintenance costs, personnel and electricity at the Mission Basin treatment facility. $400,000 is for additional costs to ramp up the meter replacement program in order to fully implement automated meter reading, as scheduled in the Conservation Master Plan. That will be fully implemented in Fiscal Year 2016-17. There is also a $14,800,000 transfer from the operating fund to the capital fund.

For sewer, there is a $93,000 increase in maintenance/repair related to plant maintenance, and a $10,900,000 transfer from the operating fund to the capital fund. For solid waste, there is a $200,000 increase for the green waste contract.

**COUNCILMEMBER FELLER** stated it looks like we spend a lot of money on water and sewer. It's a great convenience. It's nice that staff can wrap it all into one simple package because it's fairly complicated. He likes what he sees. Staff is keeping us out of trouble with the agencies. He asked if we allow landscapers to blow leaves and grass into the storm drain.

**MS. DALE** responded that should not be allowed. If Councilmember Feller tells us where that is occurring, we'll get on it.

**COUNCILMEMBER FELLER** stated it's at Mission Gate.

**MS. DALE** stated there should only be rain in the storm drain. We'll take care of it.

**COUNCILMEMBER FELIEN** didn't quite understand the reason for the deficits in the solid waste and recycling plan, and what the "transfer out" category represents.

**MS. DALE** responded the "transfer out" category includes internal service charges. There was an increase in that of $257,000. In terms of the deficit, we've been deficit spending into the reserves for a few years. We'll be evaluating that as we evaluate the water and sewer rates.

**COUNCILMEMBER FELIEN** asked if this deficit is unrelated to the Rate Stabilization Fund. Are the charges not proportionate to what we want to spend in capital projects?

**MS. DALE** responded there are typically no capital projects that occur in the solid waste fund. It's all operating expenses, although it is related to some of the spending coming out of the Rate Stabilization Fund because that has been used to supplement the operating expenses in the past.

**MAYOR WOOD** asked how things are going with the Metropolitan Water District (MWD) lawsuit.

**COUNCILMEMBER KERN** responded we won the first trial case. The Court has sided with the San Diego Water Authority that we are being overcharged by MWD. We're going into phase two of the trial to assess those damages. Last week, the San Diego Water Authority filed another lawsuit against MWD for the Fiscal Year 2014-15 rate increases, which they feel is unfair too. It all has to do with the wheeling rates for water transfers coming out of the Imperial Irrigation District through Metropolitan's system to us.

He suspects that we will have some conclusion to the second phase of the trial this summer. By the time it goes through the whole appellate system, we're probably looking at 2½-3 years by the time it gets resolved at the State Supreme Court. From what he's heard, he's optimistic.

**MAYOR WOOD** wanted an update because it is a big factor. We've been overcharged for years.

**DEPUTY MAYOR SANCHEZ** stated regarding fire preparedness, we're expecting to get reimbursed for some of the activity that we were involved in. She has gotten emails and calls from people asking about defense space around houses and vacant lots. She asked if there is a fund for that. She knows it sometimes takes a while to get reimbursed. People are more heightened in their sensitivity to these issues because it's the beginning of the fire season.

**DARRYL HEBERT**, Fire Chief, responded that, for the reimbursable part, we're in the process of getting that worked out with the State. We did file for a Fire Management Assistance Grant (FMAG). We still haven't heard back, but they're trying to combine them with the governments of all agencies involved in getting reimbursed.

We have a City ordinance that requires homeowners and business owners to reduce the hazard of brush within 100 feet of any type of structure. If it's a vacant lot, it's a 50-foot perimeter around that vacant lot so that it doesn't spread from lot to lot. It's also a 10-foot requirement along each type of roadway that is near a structure. We work with Bryan Forward and his group on enforcing that. With the recent fires, we've been getting a lot of calls. We're dealing with them on a daily basis.

**DEPUTY MAYOR SANCHEZ** asked how often a property owner responds, especially for vacant lots. Is it all the time or do we end up doing it and then trying to get the reimbursements?

**CHIEF HEBERT** would have to ask Mr. Forward because his staff enforces that.

**DEPUTY MAYOR SANCHEZ** asked if there is a hotline for that. People are now really aware and very concerned.

**CHIEF HEBERT** responded we're out in force educating people. When they call, we are responding and talking to them about it.

**DEPUTY MAYOR SANCHEZ** asked if there is a specific phone number to call about tall weeds.

**CHIEF HEBERT** responded on our fire prevention website there is a phone number that people can call.

**DAVID MANLEY**, Neighborhood Services Division Manager, stated people can call the 435-4500 main number. Private property calls will get directed to our division and then to our contract weed abatement service. We deal with between 300-400 properties per year on notification. The Fire Chief is right about the 100-foot, 50-foot and 10-foot clearances. We'll get a couple of dozen people who don't comply. We have to enforce abatement. The City will go in with crews, and we do lien the property on that.

The calls have gone up, especially after the last couple of weeks. We try as much as possible to get out there and notify the property owners.

**DEPUTY MAYOR SANCHEZ** has gotten some calls about a vacant lot in Costa Serena on Vista Way. People are very concerned.

**MAYOR WOOD** stated last weekend we had a celebration at the amphitheater

to thank fire and public safety personnel for their efforts during the fire season. He and the City Manager received an email recently stating that we had forgotten some people. We acknowledged all police, fire and City employees. This included public works, which used bulldozers to put up a fire break to stop the fires. He was not aware of the water crew that was first on the scene. He asked Ms. Dale to explain that. They deserve recognition for what they did.

**MS. DALE** responded any time there is an emergency in the City, Water Utilities is also on high alert. We had staff listening to the radio. They heard that the start of the fire was in the riverbed. These guys work on a Vactor water truck, which holds a couple of thousand gallons of water to do their cleaning. When they heard the call that the fire had broken out and that there were limited resources to send there, they headed there and checked in with the fire personnel on the scene.

There was a resident with a couple of trees on fire adjacent to her house. Staff was able to use the Vactor truck to put out the fire in the trees, which saved her home. Since the Vactor truck also has a hose that is longer than some of the fire hoses, they were able to use it on some of the grass fires that the fire department couldn't get to.

**MAYOR WOOD** wanted everybody to hear that. He saw some pictures of these guys fighting the fire and helping the firemen out at the early stages when some of the houses were in danger. They actually saved that house. He appreciates them. He's not forgetting the fire or police departments, but when he sees our public works and water department people out there saving homes on their own, it deserves recognition.

**CITY MANAGER JEPSEN** stated we have a request for about three times the amount of money that we had available from the various departments. That wish list is included in Council's information packets. He thanked Mr. Riley and his staff for the preparation and hard work they put into the General Fund budget and all of the budgets. He also thanked Mr. Smith and his staff for the CIP budget, Ms. Dale and her staff for the water, sewer and solid waste budgets and Mr. Weiss for his work on the harbor budget.

Public input

**JIMMY KNOTT**, 127 Sherri Lane, is Chair of the Utilities Budget Committee and Vice-Chairman of the Commission. The Budget Committee has made it clear that for all of our departmental budgets, we should always have a balance. We should never have a deficit. That should be our standard operating principle and guideline, unless otherwise directed. The committee makes sure that every dime is accounted for and wisely spent. We share Council's concerns and questions about the solid waste area, and we await some of the same answers. The Budget Committee and Commission have offered to go into a special session if that is necessary.

There was no reporting of any rate stabilization funds made to Council tonight. However, there were funds taken out of that for an item last week. There was also something taken from the operating fund and the capital fund, yet those funds were not line items listed for Council to review.

He complimented staff for their purchasing methodologies. They basically paired with other communities, did competitive pricing and took a previous level of pricing. They did an excellent job. As for Council's budget workshop, they should have two budgets with triggering mechanisms for a pessimistic budget and an optimistic budget. The budget projections are too optimistic. We should pair them down by 25%. Mr. Riley said it represents 6.9%, or was it meant to be $6,900,000?

There was no mention of the Veterans Association (VA) allocations approved last week or the special adjustment for the lighting of parks and other special adjustments. Shouldn't the Homeless Outreach Teams (HOT) be under the District Attorney and Social Services because of the drop-offs by our neighbors and other states? Shouldn't we pass

along those costs?

We should expect the best, but prepare for the worst, especially taking into consideration that 13-19% of our citizens are below the poverty line and 40% are at or above it.

**JONATHAN FOHRMAN**, 1121 Hub Court, El Cajon, is Vice-Chair of the Oceanside Arts Commission. He acknowledged the members of the Arts Commission who are here to provide support for requesting more funding. He came to Council a couple of months ago asking for restored funding to the Arts Commission. It is heartening to see it make an appearance this evening. We appreciate the positive response we've received. Rather than rest on our laurels, we thought we would come here to reassert that interest, based on our commitment to the arts and what they can provide to Oceanside.

There is so much we can provide that will enhance the vibrancy of our civic life, culture, economy and environment. There is great potential with the arts. We're very excited about those possibilities. We have no ongoing budget. If we were to continue not to have one, what we can offer and support the City with is very limited. There are real economic issues involved. In 2010, a national study found that just the non-profit arts and culture industry in San Diego County had a $665,000,000 economic impact on the County's economy and generated nearly $30,000,000 in revenue to local governments.

The arts deliver community vitality and economic impact. He encouraged Council to restore funding to the Commission and to consider how greater future investment in the arts, including the possible creation of an art administrator staff position, could yield even greater benefit to our community and to its civic and economic health.

**MAYOR WOOD** stated there is money in the budget for the Arts Commission.

**MR. FOHRMAN** stated we appreciate it very much. We also appreciate City Manager Jepsen's outreach to us.

**MAYOR WOOD** stated we appreciate the Arts Commission showing up. Most cities are looked at to see how they handle the arts and performing arts. It makes the City more livable and people see that we have culture.

**MR. FOHRMAN** stated we're a resource to the City and Council. We all perked up when we heard mention of the arts element in the Coast Highway Vision Plan and other elements of the City budget. We appreciate our inclusion.

**DIANE NYGAARD**, 5020 Nighthawk Way, is here representing the Friends of El Corazon. We agree with the comments made earlier about how many people in this community would really like to see more swim facilities in Oceanside, particularly facilities that accommodate competitive swimming meets. We know that Council agrees with that too because they unanimously voted for the Master Plan for El Corazon, which includes a large competitive pool and a smaller recreational pool.

We think there are substantial economic benefits from having a competitive pool. Certainly not the kind of dollars we're talking with the soccer tournaments, but substantial revenue could come to Oceanside from having such a good facility. Rather than just $10,000 for looking at improvements to the Brooks Street Pool, we would suggest that the City look at the big picture. What would we really like to see for swimming facilities in Oceanside? What makes sense for locations and timing?

Let's all make sure that the dollars spent on this really get us to where we want to be, and that we use those dollars most cost effectively.

Public input concluded

**MAYOR WOOD** asked if someone could address the El Corazon soccer fields. How are they doing and when are they going to be finished?

**MICHELLE SKAGGS LAWRENCE**, Deputy City Manager, responded the fields are going extremely well. It's quite amazing to see the change. We're going to deliver the graded pad in July. They will start laying sod in August. We are on track, and it's looking wonderful.

**COUNCILMEMBER KERN** talked to the contractor last weekend. They're putting in the topsoil now. They have to put in the irrigation system, but the pond is done, and the wet well is in.

**MAYOR WOOD** asked if the sod can't be played on for a month.

**COUNCILMEMBER KERN** thinks it's at least 5-6 weeks to let the grass set.

**MAYOR WOOD** sees a lot of City employees here. We like their input. People don't necessarily have to get up and talk. They can send emails or come in to see us. It's important. We pass that information to the City Manager to try to address the money issues. It's tough when you have budget problems. It is the City Manager's job, with our input, to say yes or no on these items.

**CITY MANAGER JEPSEN** stated Mr. Knott had mentioned that there is no recording of the Rate Stabilization Fund and that monies were taken out last week. That's correct. It's one of the things that Ms. Dale had mentioned in her presentation, that we need to come back with a reconciliation of the solid waste fund. We will do that.

The 6.9 number that Mr. Knott mentioned was in millions, not a percentage. It's $6,900,000. It's true that there was no mention of lighting for parks. It would reduce our revenues by about $25,000 in that area. We'll make sure to note that if we haven't picked that up. We have not included any money for the VA funding we approved. Are we going to bring back an agreement for the VA? The number we saw in the General Fund reserves did not reflect a reduction of $600,000 for that project.

Council has put in $25,000 for the Arts Capital program. He wishes it was more. This is such a large part of what our community does to look and feel better. Whatever we can do to advance arts in our community, we should support.

Regarding Ms. Nygaards' comments, we do need to look more comprehensively at the need for pool facilities, particularly competitive pools. Perhaps we could come back with a recommendation to include more than $10,000 to look at the bigger picture needs.

4. **Public Communications on City Council Matters (Off-Agenda Items)** – None

**ADJOURNMENT:**

**MAYOR WOOD** adjourned this meeting to Wednesday, June 11, 2014 at 2:00 PM. This adjourned meeting of the Oceanside City Council was adjourned at 7:02 PM, Monday, June 2, 2014.

**ACCEPTED BY COUNCIL:**

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Zack Beck
City Clerk, City of Oceanside