



California

ITEM NO. 4

# CITY OF OCEANSIDE

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

JUNE 11, 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

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**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

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, June 11, 2014.

### 2:00 PM - ROLL CALL

Present were Mayor Wood and Councilmembers Kern, Felien and Feller. Deputy Mayor Sanchez arrived at 2:05 PM. Also present were Assistant City Clerk Trobaugh,

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

City Manager Jepsen and City Attorney Mullen.

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

**ASSISTANT CITY CLERK TROBAUGH** stated we have a speaker on Closed Session Item 2B.

**DIANE NYGAARD**, 5020 Nighthawk Way, is here representing the Friends of El Corazon. El Corazon is a park in the heart of Oceanside. It's not a large commercial or residential development. It's a park with very important commercial aspects planned to make it economically viable. That's our concern about the Swimming Hall of Fame proposal.

What do we really end up with at the end of the day? We've met with staff and provided them with detailed information about a number of our concerns on that project. There are two specific concerns that we want to bring to Council's attention. The first is the size of this complex. Their initial proposal was talking about something in the neighborhood of 50 acres of land. Six acres of that was programmed for a hotel. The rest of that land was designated as parkland. That would be a loss of 44 acres of parkland. A map of El Corazon was used to show the 50 acres designated for the swim complex. This leaves very little land for the park. It's a domino effect. If we expand the commercial development in that area, it impacts the entire plan for the site.

At the Economic Development Commission (EDC) meeting yesterday, Tracey Bohlen acknowledged that economic times are better. The City has been contacted by several potential hotel developers. The Swimming Hall of Fame hotel is not the only game in town today. There are other interested parties, including one that is looking at the property right across the street. Why would we want to see a hotel go there instead of on City-owned land where we get the full benefits of a hotel?

Secondly is the swim complex. She asked if Council has heard anybody in this community saying that they want a water park. What we keep hearing from people is that they want a public competitive swim complex for kids, families and adults to do serious competition swimming. Carlsbad recently built such a facility. It is intended to be an economic driver. While not the same as the soccer fields, those big competitive swim events bring a lot of people to the community as well. That's an opportunity that we should take advantage of. We can do that if we have a public swim complex.

We ask Council to think about those things as they move forward with this proposal.

[Closed Session and recess were held from 2:05 PM to 4:07 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

**Discussed OFA, OFMA, OPOA non-sworn - direction given; no reportable**

**action;**

**Discussed MECO, WCE - Council voted 5-0 in closed session to approve the settlement agreement over a pending grievance (Document No. 14-D0321A-1)**

**2. CONFERENCE WITH REAL ESTATE NEGOTIATOR**

A) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Property: 300 Block of North Cleveland Street (APN 147-161-11); Negotiating Parties: Successor Agency of the City of Oceanside, the City of Oceanside, and Pelican Properties; Negotiator for the Agency/City: Peter Weiss, Consulting Assistant and Douglas Eddow, Real Estate Manager; Under Negotiations: Price and terms for the disposition of the real property and the acquisition of a parking easement by the City

B) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – Property: Approximate 450 acre El Corazon (APN 162-082-06, 08, 09, & 51); Negotiating Parties: City of Oceanside, International Swimming Hall of Fame, and Sudberry Development, Inc.; Negotiator for the City: Douglas Eddow, Real Estate Manager; Under Negotiations: Price and terms for lease and/or sale of real property

**Items discussed; no reportable action**

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

A) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

i. Dunex, Inc., Cavalier Mobile Estates v. City of Oceanside  
Superior Court Case No.: 37-2012-00055503-CU-EI-NC

ii. City of El Centro et al. v. David Lanier et al.  
Superior Court Case No.: 37-2014-00003824-CU-WM-CTL

**Items discussed; no reportable action**

**4:00 PM – ROLL CALL**

**MAYOR WOOD** reconvened the meeting at 4:07 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.

**CLOSED SESSION REPORT**

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

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

**CONSENT CALENDAR ITEMS** [Items 4-8]

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: Adoption of the following three resolutions related to the Oceanside General Municipal Election:

**Resolution No. 14-R0322-1**, "...calling and giving notice of the holding of a General Municipal Election to be held on Tuesday, November 4, 2014, for the election of two members of the City Council"

**Resolution No. 14-R0323-1**, "...requesting the Board of Supervisors of the County of San Diego County to consolidate the General Municipal Election with the Statewide General Election to be held on Tuesday, November 4, 2014, pursuant to Section 10403 of the Elections Code"

**Resolution No. 14-R0324-1**, "...adopting regulations for candidates for elective office, pertaining to materials submitted to the electorate and the costs thereof for the General Municipal Election to be held in the City on Tuesday, November 4, 2014"

6. City Council: Approval of annual purchase orders for the purchase of equipment, supplies, materials, and services in amounts over \$50,000 for the Information Technologies Division and associated funds; and authorization for the Financial Services Director, or designee, to execute the annual purchase orders for FY 2014-2015
7. City Council: Approval of Amendment 3 [**Document No. 14-D0325-1**] in the amount of \$120,640 to the Professional Services Agreement with Project Partners, Inc., for contract building inspector services; and authorization for the City Manager to execute the amendment
8. City Council: Acceptance of improvements [**Document No. 14-D0326-1**] constructed by NEWest Construction Company, Inc., of San Diego for the Harbor Lift Station No. 4 Force Main Replacement and authorization for the City Clerk to file the Notice of Completion [**Document No. 14-D0327-1**] with the San Diego County Recorder

**DEPUTY MAYOR SANCHEZ moved** approval of the Consent Calendar [Items 4-8].

**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.

10. **City Council: Adoption of a resolution approving and implementing the extension of the Memorandum of Understanding between the City and the Western Council of Engineers (WCE) effective July 1, 2013 through June 30, 2016**

**PATRICIA NUNEZ**, Human Resources Director, stated this is an extension of the existing Memorandum of Understanding (MOU) with the Western Council of Engineers (WCE). The contract date would be extended one year to June 30, 2016. It is related to the grievances discussed in Closed Session. It provides for a taxable, non-PERSable stipend of \$2,200 per member to be paid on the first full pay period in July of 2014, and a second taxable, non-PERSable stipend of \$2,200 per member to be paid on the first full pay period in July of 2015. The total cost is \$48,400.

It also provides for an increase in bilingual pay. However, there is no increase

dollar-wise because none of the members of this unit currently receive bilingual pay. The total cost spread over two years is \$48,400.

**COUNCILMEMBER FELLER moved** approval of [adoption of **Resolution No. 14-R0330-1**, "...approving and implementing the extension of the Memorandum of Understanding [**Document No. 14-D0331-1**] between the City of Oceanside and Western Council of Engineers," effective July 1, 2013 through June 30, 2016].

**COUNCILMEMBER KERN seconded** the motion.

**Motion was approved 5-0.**

9. **City Council: Adoption of a resolution approving and implementing the extension of the Memorandum of Understanding between the City and the Management Employees of the City of Oceanside (MECO) effective August 21, 2013 through June 30, 2016**

**PATRICIA NUNEZ**, Human Resources Director, stated this item is an extension of the contract with the Management Employees of the City of Oceanside (MECO). It extends the contract an additional year to June 30, 2016. It resolves the grievances mentioned in the settlement agreement. It provides for two taxable, non-PERSable stipends of \$2,200 per member, with the first to be paid on July of 2014, and the second to be paid on July of 2015. The total cost of the stipend is \$277,200 over the two years.

It also provides for a bilingual pay increase equal to what the Police Officer's Association was given. The total cost of that is \$19,300 for the eight employees who currently receive it.

**COUNCILMEMBER KERN moved** approval of [adoption of **Resolution No. 14-R0328-1**, "...approving and implementing the extension of the Memorandum of Understanding [**Document No. 14-D0329-1**] between the City of Oceanside and Management Employees of the City of Oceanside," effective August 21, 2013 through June 30, 2016].

**COUNCILMEMBER FELLER seconded** the motion.

**Motion was approved 5-0.**

11. **City Council: Approval of a two-year Renovation and Operation Agreement, with a 30-year extension option and two additional 10-year extension options, with John Ashworth, or an entity to be assigned later, to manage the Center City Golf Course; reimbursement of \$68,869 \$73,798 to the departing current operator of the golf course, Oceanside Golf, LLC; and authorization for the City Manager to execute the agreement**

**CURTIS JACKSON**, Property Agent, is seeking approval for the Renovation and Operation Agreement with John Ashworth for the Center City Golf Course, and reimbursement in the amount of \$73,798 to the departing operator, Oceanside Golf, LLC. The pertinent deal points of the agreement with Mr. Ashworth include the continued operation of the premises as a golf course, while also being required to infuse \$3,600,000 of capital improvements to the course.

The improvements in the plan consist of constructing a new clubhouse, which is going to include a restaurant and related facilities to house tournaments and events, as well as redesigning and renovating portions of the golf course, adding a 6-hole children's course, adding botanical, sculptural and community gardens, and creating a grass pavilion for concerts and outdoor movies. The plan will potentially allow for the general public to traverse on the course on days when no golf is being played.

The term of the agreement will call for an initial two-year term, which will have certain funding milestones that will be required to be met. If those funding milestones are met, there will be a 30-year extension option. The anticipated completion of the clubhouse is supposed to be within 48 months of the agreement, or by the end of the fourth year. Beginning in the sixth year, Mr. Ashworth will be required to pay a 2% Consumer Price Index (CPI) to the City for a capital improvement reserve. Beginning in the seventh year, Mr. Ashworth will be required to pay 5% on any revenue he generates over \$1,000,000. Rent would potentially start at \$50,000 a year if \$1,000,000 in gross revenues is reached.

After the initial 32 years, if both parties agree, there are two additional 10-year extension options, which would bring the total potential term of the lease to 52 years. Per the agreement, Mr. Ashworth will also be taking over the existing maintenance equipment at the golf course, which has a value of roughly \$23,000.

In regards to the reimbursement to the existing operator, Oceanside Golf, LLC, they entered into an operating and management agreement in 2010, when they took over the course for the last operator. They've operated that agreement on a monthly management fee of \$6,000 that comes out of the expenses and gross revenue of the course.

The City is responsible for paying all operating expenses at the premises, and Oceanside Golf, LLC manages those payments. Staff was given direction to keep the golf course open during the Request for Proposal (RFP) and negotiation process with Mr. Ashworth, which started in 2011, but to maintain a minimal level of operation until we decided what was going to happen there. As a result of keeping the golf course open, the golf course has continued to operate at a deficit. Currently, the golf course consumes roughly \$100,000 a year in water and another \$100,000 in operating expenses above and beyond what the course generates. Of those operating expenses above and beyond what the gross revenue supports, \$73,798 is reimbursable to Oceanside Golf, LLC. That primarily covers the management fee that hasn't been paid for four months, as well as payroll at the course and some small expenses such as food, beverage, etc.

**DEPUTY MAYOR SANCHEZ** stated at the previous meeting we had standing room only with people very supportive of this project. She **moved** approval of [a two-year Renovation and Operation Agreement (**Document No. 14-D0332-1**), with a 30-year extension option and two additional 10-year extension options, with John Ashworth, or an entity to be assigned later, to manage the Center City Golf Course; reimbursement of ~~\$68,869~~ \$73,798 to the departing current operator of the golf course, Oceanside Golf, LLC; and authorization for the City Manager to execute the agreement].

**COUNCILMEMBER KERN** **seconded** the motion.

**COUNCILMEMBER FELLER** asked what "or an entity to be assigned later" means.

**MR. JACKSON** responded the intent was always to have John Ashworth as the primary controller of whatever entity takes over. Right now, he is going through the process of establishing a group called Goat Hill Park, LLC. That hasn't been established at this time, so we're entering into an agreement with Mr. Ashworth and whichever group takes over later.

**COUNCILMEMBER FELLER** asked what the course generates right now.

**MR. JACKSON** replied that the course revenues for Fiscal Year 2013-14 were \$262,000. Expenses have been roughly \$380,000.

**COUNCILMEMBER FELLER** stated in seven years or however long it takes, we're expecting to get to \$1,000,000. It could be 20 years to get to \$1,000,000. Then we'd start collecting some rent. We've designated an account, and it says that lease revenue generated from the agreement will be deposited into an account, but we don't have any generated income coming in until year seven. He asked what happens if we don't ever get to \$1,000,000. He's not sure when we ever made \$1,000,000 on Goat Hill.

**MR. JACKSON** responded if we don't reach \$1,000,000, we would continue to not receive rent. If we do reach \$1,000,000, we would deposit the money into that account. We would also have the benefit of improvements put into the course.

**COUNCILMEMBER FELLER** stated it could be 30-50 years. Where the agreement says that items such as all pump stations, etc., are not included, it looks like the City is on the hook for those items. He asked if that means it's not included in Mr. Ashworth's contract.

**MR. JACKSON** clarified that, at this point, everything is included in the golf course, including the existing maintenance equipment, as well as all expenses related to the utilities and maintenance.

**COUNCILMEMBER FELLER** stated item #25 says that the items not included are the pumps, pump stations and controllers. He asked if that's part of this contract that the lessee would be responsible for.

**MR. JACKSON** responded going forward, yes. We have replaced the existing pump at the site so that the water is not leaking. Any future maintenance on that pump or any future improvements would be Mr. Ashworth's responsibility. He will look into that and get back to Councilmember Feller.

**COUNCILMEMBER FELLER** would appreciate that for those items not included, which would be capital improvements like the bunker sand, landscape areas, etc.

**CITY MANAGER JEPSEN** assumes that a lot of the ongoing maintenance for the course would be the responsibility of Mr. Ashworth. We'll have to verify that. We've had some problems with the pump. It's not our intent to maintain the park beyond the point where Mr. Ashworth takes over, but there are some improvements that we need to make there.

**COUNCILMEMBER FELLER** asked if that's in the first two years.

**CITY MANAGER JEPSEN** responded yes. We'll be talking about those things that have an extraordinary cost over and above what one would normally expect. There is some erosion out there, as well as perimeter fences and things that need to be taken care of. We will be working on those things in conjunction with Mr. Ashworth. Once the pump is up and operating, the ongoing cost of maintaining that would be Mr. Ashworth's. However, it's assumed that we're going to turn it over in reasonably good condition.

**COUNCILMEMBER FELLER** stated all he's asking for is clarification on that part of this contract.

**CITY MANAGER JEPSEN** responded we'll clarify that. We do not want to maintain the pumps for 50 years. We'll clarify that before we sign the contract, even if it requires a side letter with Councils' concurrence. He asked Mr. Jackson if there is going to be any downtime with the operation of the golf course as we transition over.

**MR. JACKSON** indicated we're anticipating to start the lease with Mr. Ashworth on July 1<sup>st</sup>. There should not be any downtime. The next 2-3 weeks will be a transition

period for our existing operator to close out his contracts and for Mr. Ashworth to start up and take over some of those contracts as well.

**Motion was approved 5-0.**

**MAYOR AND/OR COUNCILMEMBER ITEMS**

- 24. **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

**HOUSING COMMISSION**

Appoint Gary Dillard as Regular (Replacing Joseph Farmer, Jr.) 7/1/2017

Appoint David Baily as Regular (Replacing Kay Parker) 7/1/2017

**PARKS AND RECREATION COMMISSION**

Appoint Diane Strader as Regular (Replacing Vernon Allen) 7/1/2015

Appoint Michael Simmons Sr as Alternate I (Replacing Olen McDowell) 7/1/2015

**UTILITIES COMMISSION**

Reappoint George Murray as Regular 7/1/2017

Appoint Michael Bardin as Alternate II (Replacing Ira Landis) 7/1/2015

**MAYOR WOOD** sent this out a week in advance so that Council could review it. It's minimal. He gets these from the City Clerk's office when there are openings. He **moved** approval [of the appointments to the City's Advisory Groups].

**COUNCILMEMBER FELLER** seconded the motion.

**COUNCILMEMBER KERN** asked didn't we just appoint George Murray to the Utilities Commission last time? It seems like the second time this name has come up since the last meeting.

**MAYOR WOOD** responded he's reappointing Mr. Murray to a regular position.

**Motion was approved 5-0.**

**CITY COUNCIL REPORTS**

- 13. **Deputy Mayor Esther Sanchez**

**DEPUTY MAYOR SANCHEZ** was honored to be a judge for the City-wide elementary school spelling bee held at Garrison Elementary. She congratulated the kids who participated, the staff who hosted the event and the parents.

She attended the 2014 "Spotlight on Water" Infrastructure Summit held in Orange County; the annual fundraiser for the Lesbian, Gay, Bisexual, Transgender and Questioning (LGBTQ) Resource Center in North County; the Oceanside High School class of 2014 graduation; the 13<sup>th</sup> annual Filipino-American cultural festival; and the San Luis Rey Mission Founders Day event.

She attended the Race Across America/Race Across the West event and the five-year anniversary event at El Corazon honoring our volunteers. She announced the start of Zumba classes at the El Corazon Senior Center; the Daddy-Daughter dance at the El Corazon Senior Center on June 13<sup>th</sup>; and the San Luis Rey tribal pow wow on June 14<sup>th</sup> and 15<sup>th</sup>.

14. **Councilmember Gary Felien**

**COUNCILMEMBER FELIEN** attended the open house for the Got Your Back charity on May 29<sup>th</sup>. This is a wonderful group that collects food and passes it out in backpacks to homeless children attending our local schools. He also attended the Filipino-American cultural festival and the five-year anniversary event at El Corazon. He thanked the volunteers who serve at the senior center and all of the volunteers serving in any capacity for our City. They're the glue that holds us together.

15. **Councilmember Jack Feller**

**COUNCILMEMBER FELLER** was one of the judges for the second-grade spelling bee at Garrison Elementary. They did a great job of representing the elementary schools in Oceanside. He attended the retirement dinner for Andi Maciewsky in the Housing Department; the Eagle Scout Court of Honor ceremony for JC Losack and Marco Rivera at Camp Pendleton; and the Filipino-American cultural festival. He announced Larry Perondi's retirement from the Oceanside Unified School District and the Concert in the Park event at Rancho Del Oro Park on June 20<sup>th</sup>.

16. **Councilmember Jerome Kern**

**COUNCILMEMBER KERN** attended the Race Across America/Race Across the West event and the volunteer appreciation luncheon at El Corazon. We cannot operate a lot of these facilities in Oceanside without our volunteers. We all value what our volunteers do for us and how they serve the community. He thanked all volunteers in Oceanside.

12. **Mayor Jim Wood**

**MAYOR WOOD** read the following statement that he sent to the press and County Board of Supervisors because of the election: While the ballots for the 5<sup>th</sup> District Supervisor race will be counted until next week, the trend indicates that Supervisor Horn will retain his seat. He thanked all of the citizens who exercised their voter rights. He gives special thanks to those who supported him in the campaign. He expects that this will be a narrow win for the Supervisor. He hopes that Supervisor Horn chooses to spend his final term cognizant of all of the needs of the people of the 5<sup>th</sup> District and the quality of life and safety our residents have earned. He extends his congratulations to Supervisor Horn. He wishes him well.

Mayor Wood decided to run for the Supervisor seat on the 5<sup>th</sup> District, which is all of North County. He was asked to run by many different people. He wasn't trying to leave Oceanside; he was trying to help Oceanside. We have a \$120,000,000 budget in the City. The County Supervisors have a \$5,000,000,000 budget. He thought that might help Oceanside and North County. That's one of the reasons he ran, hoping to help North County.

It was a close race, but he didn't win. He thanked all of the people who were

involved in helping him. He learned a lot about running a big campaign. It's different from running in Oceanside. It's almost overwhelming in size when you're running a big campaign. He met a lot of nice people and learned a lot of nice things.

He did not mail out one single mailer during this campaign. He tried to keep the high-ground and not dig into his opponent's past and personal life. After the election was over, he found out that it was a miserable turnout for the whole area. It wasn't just Oceanside.

He has two more years before the next election. He's still Oceanside's Mayor. He will represent the people to the best of his abilities. He'll still be here to be actively involved in the upcoming election in November. Hopefully, we'll have some interest in politics in Oceanside.

[Recess was held from 4:47 PM to 5:06 PM]

**INVOCATION** – Zack Beck

**PLEDGE OF ALLEGIANCE** – Soccer Club of Oceanside – 2014 Under 10 Girls Spring Champions

**PROCLAMATIONS AND PRESENTATIONS** –

Presentation – Mayor's Youth Sports Recognition and Appreciation Award

Presentation – "Pet of the Month" presented by Brianne Youngberg, San Diego Humane Society & SPCA

Presentation – Elks Club and American Legion "Law & Order" Awards

Presentation – Update on Upcoming Race Across America

Proclamation – National Parks & Recreation Month

Presentation – Update on Downtown Traffic by Scott Smith, City Engineer and Nathan Mertz, CIP Manager

**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.

18. **Advance written request to reserve time to speak:** Cathy Nykiel

**CATHY NYKIEL** is here to talk about the Oceanside Independence Day Parade. We usually have between 100-120 participating groups. It's a two-hour parade starting at 10:00 AM on Coast Highway at Wisconsin Avenue. We close the streets from Oceanside Boulevard to Sportfisher Drive. We'll use 75 volunteers that day.

She thanked Tri-City Medical Center for being the presenting sponsor this year. All of the flags that are handed out to the participating groups and attendees were provided by Friends of Oceanside Parks and Recreation. The El Camino Reserve Officer's Training Corps (ROTC) will be helping us. We've gotten water for our volunteers from Buchanan and Associates. She thanked Union Bank for providing coffee and donuts to the people preparing the floats, and Mossy Nissan as our sponsor to work with KOCT on televising the parade.

This year our Grand Marshal is David Nydegger from the Chamber of Commerce. Wells Fargo is bringing the stage coach back again this year. The Escondido Mounted Posse will be providing flags at the beginning of the parade.

June 28<sup>th</sup> is red, white and blue day. That kicks off our Independence week. We'll have the Sunset Market on July 3<sup>rd</sup>, as well as the fireworks at El Corazon off Rancho Del Oro at 9:00 PM. We'll have extended services at the beach on July 4<sup>th</sup> to

accommodate beach attendees because it is a family day at the beach. Certain streets will be closing as the parking areas get full. This information is on the City website and the MainStreet Oceanside website.

**MAYOR WOOD** asked who did the artwork for the parade poster.

**MS. NYKIEL** responded the poster art was done by Cameron Canales, an artist at the Sunset Market.

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

**ALICIA WRIGHT**, 2410 Skylark Drive, is a lifetime resident of Oceanside. There are twelve prostitution massage parlors operating in Oceanside. If you look at RubMaps, Cityxguide or Yelp, you can find these businesses advertising. No legitimate massage parlor would ever post an ad on Cityxguide or RubMaps. These prostitution massage parlors are right next to preschools, elementary schools and middle schools, one being on Ditmar Street near Ditmar Elementary School.

These places are a complete criminal public nuisance to Oceanside. We need to do something to prevent these illicit prostitution parlors from opening. We need to make sure that our police department is maintaining order and security near school facilities, that they have the opportunity to be empowered and that they have help from other agencies to stop this.

Every time we have a business like this in our City, it's creating a safe haven and breeding ground for sex crimes, human trafficking, child prostitution, unreported rape, money laundering, Human Immunodeficiency Virus (HIV) transmission and a more corrupt government. Please help us to close these places and make sure that they do not start up again.

This is for the welfare of all citizens in San Diego County. We need to make sure that they don't continue operating at all in our City. We need to make sure that Oceanside takes prostitution and sex crimes seriously. There was a child prostitution operation that was closed down thanks to Operation Cross Country and Operation Innocence Lost.

We need to make sure that criminals can't profit from these exploiting businesses.

**MAYOR WOOD** suggested that Ms. Wright speak to the Chief of Police and Code Enforcement staff.

**COUNCILMEMBER FELLER** had approached the City Attorney about human trafficking about a month ago. They discussed what is transpiring with the District Attorney and our own way of doing things. He asked the City Attorney to comment on this.

**CITY ATTORNEY MULLEN** responded Oceanside has a Conditional Use Permit (CUP) requirement for massage establishments. Unfortunately, the State Legislature adopted legislation several years ago that prevented us from applying that CUP requirement, as well as the other cities in the State. There was an assembly bill introduced this week that attempts to provide more local control over these types of establishments, control that we used to have before the State legislation went into effect. That created the Massage Council, which certifies these businesses.

Councilman Feller is referring to the human trafficking bill that went into effect. We did provide the District Attorney, on one day's notice, with a list of all of the businesses in Oceanside that are required to post notices that are designed to limit human trafficking, including these types of businesses. He's not optimistic that just

posting a notice is going to address all of the issues, but we have been working with the District Attorney's office to provide them with all of the businesses that fall within the scope of the statute.

**COUNCILMEMBER FELLER** asked if there is a sunset on the law.

**CITY ATTORNEY MULLEN** responded there is a sunset on the law, but there have been efforts to renew it. He could provide a memo to Council on the current state of any pending assembly bills that purport to extend that bill.

**MS. WRIGHT** stated the agency that City Attorney Mullen is talking about uses a voluntary process. The California Massage Therapy Council told her that it's the local police departments' responsibility to stop prostitution crime. It seems that everyone is playing hot potato, and there is too much of a distribution of power. Somebody needs to put their foot down and stop these businesses from operating altogether.

**ERIN MORIN**, 1241 Chambord Court, stated we had our first agricultural tour in South Morro Hills last weekend. Her ranch was on the tour. Over 90 people attended. People came from Orange County and all over San Diego County. One group came from India. It was very well received. People were asking the right questions about how to run a farm, how much water it takes, etc.

We're looking forward to operating another tour next year. We'll be working with the Farm Bureau again. It's important to open agricultural tours because people don't really know where their food comes from.

**GINGER HOPKINS**, 2327 Nicklaus Drive, quoted puppy store owner Mr. Salinas as saying that they have a heart and only work with the good, legitimate State and federally licensed breeders. He said that they don't do business with the puppy mills, but that is not true. She mentioned a dog breeder that Mr. Salinas works with. Mr. Salinas currently has a puppy from this breeder. The United States Department of Agriculture (USDA) inspection report for this breeder found multiple violations during five inspections in a row.

In September of 2013, inspectors noted a foul odor due to standing water mixed with feces and maggots. They also noted a prevalent ammonia urine smell and dogs without adequate space and sanitation problems. There were more than 430 dogs and puppies on the property. In February of 2013, an inspector noted an ammonia level strong enough to make the inspector cough and feel a burn in the back of his throat. In 2011, inspectors found underweight dogs, dogs with matted fur, numerous unsafe conditions and puppies with their legs falling through the wire flooring.

Regarding another dog breeder that Mr. Salinas works with, in May of 2013, a USDA veterinarian medical officer found dogs with untreated eye conditions. The officer also found a dog with evidence of dental disease so severe that the roots of the teeth could be seen. The dog also had fecal matter matted to its fur. The inspector noted holes in the floor and dirty feeders. The kennel had 378 dogs and puppies. The Humane Society has received many complaints from people who have allegedly purchased sick puppies from this breeder.

The dogs at these breeder farms do not get to smell fresh air. They never go for walks. There is no love or affection. The dogs are just made to breed. This is not a partisan issue. Each of us knows what's right. Let's get this horror out of our community.

**LESLIE DAVIES**, 2015 Winchester Street, showed a video of 10-15 dogs being unloaded from a truck at an address on Oceanside Boulevard. This is after the dogs have been hauled 1,500 miles across country. You can hear the dogs barking inside the truck as it leaves. The truck then delivers more sick puppies to Carlsbad, Santee and

Garden Grove.

**LINDA WALSHAW**, 151 Robby Lane, is Vice-President of the Alliance of Citizens to Improve Oceanside Neighborhoods (ACTION). We represent 42 neighborhoods in Oceanside. She wants to call voters' attention to the upcoming election in November. There is an article in *The Coast News* announcing that at least one candidate has stepped forward to run. That is Mr. Lowery. Mr. Lowery said that he is compelled to run because of City giveaways that he sees going to big developers. He said that Oceanside is behaving like a bank, giving away interest-free loans to big developers.

Mr. Kern and Mr. Felien are also quoted in this article as saying that they are fiscal conservatives who have increased our quality of life. Mr. Kern describes himself as a social moderate. The article states that this would be funny if only they hadn't harmed so many Oceanside communities, taxpayers and voters along the way. Aren't these the same Councilmembers who voted to end rent protections for the 4,000+ seniors, disabled and veterans who own their homes in Oceanside's manufactured home parks? Didn't they ignore the 15,484 voters who said no to Proposition E in a referendum, and then spend \$250,000 of Oceanside's tax dollars on holding a special election that would benefit only park owners and out-of-town developers, their campaign backers?

Don't they spend hundreds of thousands of dollars on consulting fees for studies on their pet development projects, including \$850,000 on the Melrose extension after it had already been rejected by City Planning? Wasn't it Mr. Kern and Mr. Felien who closed soup kitchens and homeless shelters? Didn't they vote to strip the Mayor's powers of office the day he was sworn in, after defeating Mr. Kern 2-1? Dump Mr. Kern and Mr. Felien in 2014.

She has a list of seventeen items that have been brought to the attention of our organization that people are complaining about just for these three Councilmembers. ACTION is having a meeting on June 22<sup>nd</sup> at the Rancho San Luis Rey Mobile Home Park. Everybody is welcome to come. We are going to plan our strategies for changing this Council in November.

**SUZANNA RAY**, 200 North El Camino Real, is speaking for those who are too shy to speak. She is speaking for those who are working three jobs just to make ends meet and cannot be here. She is speaking for 99% of the people who live in Oceanside, pay taxes in Oceanside and who support the businesses of this City. We, who do not contribute to certain people's campaigns, are standing up to ask that Council respond to us as it responds to outside developers and as it spends money on outside consultants who contribute to their campaigns.

How much City staff time has this Council spent to direct everything that has happened on the Melrose extension, while at the same time closing our City swimming pools? How many citizens has Council ignored, like the 15,000+ who signed a referendum when this Council made a proposition to put in vacancy decontrol? Council then spent money that it said we did not have to force an election.

This Council either needs to respond or to step down.

**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.

20. **City Council/CDC/Harbor: Adoption of resolutions for the following: approving the Appropriation Limitation as required by Article XIII-B of the State Constitution, as modified by Proposition 111 for FY 2014-2015 as calculated in the resolution; approving the FY 2014-2015 City of Oceanside Operating**

**Budget; approving the FY 2014-2015 City of Oceanside Capital Improvements Program Budget; approving the FY 2014-2015 Community Development Commission Operating Budget; approving the FY 2014-2015 Harbor District Operating Budget; and approving the FY 2014-2015 Harbor District Capital Improvements Program Budget**

**CITY CLERK BECK** stated there is a typo on page 1, line 8 of the copy that is included in the agenda packet. The date for signature on the original document has been changed from June 1, 2014, to the correct date of June 11, 2014.

- 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, workshops and public; Councilmember Feller reported contact with staff and workshops; Councilmembers Kern and Felien reported contact with staff and public. Clerk presents correspondence and/or petitions – none.
- C) Testimony, beginning with:

**JAMES RILEY**, Director of Financial Services, presented the General Fund proposed budget for Fiscal Year 2014-15. The theme for this year's budget is public safety and the restoration of community services. We've also made sure to set aside money for the Public Employees' Retirement System (PERS), which is a payment on our PERS credit card, per se. We have prudent reserves. Our Healthy City reserve is at 12% of our proposed budget for this year. We've also set aside a small amount for employee wages.

As we take a look at the General Fund historical trend, we see that expenditures exceeded revenues through three years of recession, using approximately \$7,300,000 of reserves. The decline in expenditures through Fiscal Year 2010-11 to Fiscal Year 2011-12 was attributable to a reduction of staff/benefits and to outsourcing. Revenues began to recover in Fiscal Year 2011-12. Full recovery in property values will not be achieved until Fiscal Year 2014-15. Current revenue over expenditures are a result of three years of average increases of approximately 2% a year.

Three of our top revenue categories are sales tax, property tax and Transient Occupancy Tax (TOT). Our sales tax hit a low of \$17,000,000 during the recession in Fiscal Year 2009-10. It recovered to a pre-recession peak in Fiscal Year 2011-12 at \$19,500,000. We're projecting \$29,300,000 in this proposed budget, which is an average increase of 3% over the past three years. Our property tax revenue, which normally lags sales tax by 12-18 months, was at its pre-downturn peak of \$49,600,000 in Fiscal Year 2008-09. Reduction through the recession took place more dramatically than with our sales tax, with a greater than 9% reduction to \$44,900,000 in two years. Property tax recovery is slower than sales tax, increasing at an average of 2.25% over four years to Fiscal Year 2014-15. The TOT tax decreased in Fiscal Year 2009-10 due to the recession. The increase in revenues is due to a new hotel and to additional hotel room construction that will be taking place.

To come up with our proposed budget, we started with a base rollover budget of \$123,400,000 to maintain the same services and personnel. This resulted in a rollover increase of \$1,900,000 over the Fiscal Year 2013-14 adopted budget. This increase is due to various factors, including MOU increases, recurring appropriations that were approved by Council during Fiscal Year 2013-14, an increase in PERS and other factors needed to sustain our current services. The Fiscal Year 2014-15 revenue is projected at \$128,400,000, which is an increase \$6,900,000 over the last adopted budget. This increase represents three years of revenue increases at an average of a little more than 2% a year.

The expenditures include a \$1,900,000 rollover cost increase, \$1,000,000 in PERS set-aside funds for future increases and \$1,400,000 for employee wages. The

remaining \$2,600,000 represents funds available for increased programs and services for our residents. It is recommended that the funds available be allocated to the departments and programs that are listed on the computer graphic. At the direction of Council, the items included are the fire truck at \$500,000, fireworks at \$25,000, Arts Commission at \$25,000, Marshall Street Pool at \$60,000 and deferred building maintenance at \$150,000, totaling \$760,000.

For general government, \$104,000 is allocated for improved and enhanced services. The list includes contract services in the City Manager's office, economic development regional contracts with the San Diego Economic Development Corporation and North County Economic Development Council, and parking adjudication and cash receipts hardware in the Financial Services Department.

In addition to the fire truck for the Fire Department, \$829,000 is allocated for two part-time lifeguards and fire suppression overtime to fully staff our fire department. For police services, \$698,000 is allocated for two new dispatchers, two new downtown Homeless Outreach Team (HOT) officers and two new gang suppression officers. For Development Services, \$62,000 is allocated for the increased demand in 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 restore services with the Adelante Bookmobile. This totals \$2,600,000, when we take all of these departments and programs together.

For one-time funding from our unallocated reserves, Council had directed funding of \$450,000 annually for the Regional Communications System (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, totaling \$4,600,000 toward project costs. The total project cost is projected at approximately \$8,500,000, and will be phased in over several years. Additional funding for this project will come from grants and other revenue sources.

Additional one-time funding from reserves includes \$1,400,000 for long-range planning, which is using approximately \$280,000 per year over a five-year period. Capital costs include \$135,000 for unmarked police cars, lifeguard water craft replacement and a parking lot pay machine. The Community Services GRIP Programs are gang intervention programs aimed at youth in the communities of Crown Heights, Eastside, La Casita and Libby Lake. An additional \$122,000 is proposed from unallocated reserves to fund the program through the end of Fiscal Year 2014-15. Future funding after Fiscal Year 2014-15 will be dependent on receiving grant funding.

The total for proposed one-time allocations from unallocated reserves for Fiscal Year 2014-15 is \$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 \$28,400,000 at June 30, 2014.

**PETER WEISS**, Consulting Assistant, stated the Harbor budget is effectively a rollover budget with a couple of minor changes. One change is the upgrade of the Harbor and Beaches Coordinator position to a Harbor Manager position. That recruitment has closed. Interviews are scheduled for the end of this month. We're also upgrading the harbor financial system and replacing one patrol boat. The replacement of the boat is going to be financed from the fleet reserves, with a repayment plan that's going to be funded with a portion of the \$80,000 annual budget. About \$25,000 is going to be allocated to the replacement of the boat, with the balance set aside for future boat replacements.

The Harbor and Beaches Advisory Committee has asked for additional information and justification for the number of both police boats and officers in the harbor. Those studies are being done. There are some pending issues with the Harbor

and Beaches Advisory Committee that may affect the harbor budget moving forward. They include converting the parking lot lights to light-emitting diode (LED) lights along with the City-wide project, which will result in a long-term cost savings with the utility cost reductions; upgrading the restrooms, service building and dock security; overall vessel replacement costs; additional lift station and force main upgrading and replacement; a police staffing study; a harbor slip transfer policy where slips are allowed to be transferred with the sale of the boat; expanded office hours, which will be dependent on the success of the harbor financial system; and the gray water discharge issue.

These items will be taken up by the Harbor and Beaches Advisory Committee over the next several months, with recommendations coming forward to Council. As it relates to the direct changes in the budget, it's a rollover budget with just the three minor changes.

**SCOTT SMITH**, City Engineer, stated this Capital Improvement Program (CIP) presentation is not a comprehensive examination of each individual project. It simply highlights special interest projects which may be new, existing or requiring additional funding. The content in the computer graphics is similar to the memorandum that was circulated to Council previously. They are intended to follow the progression of the tabs within the CIP budget binder.

There is approximately \$90,000,000 in projects. Approximately \$13,000,000 of that is new money. There are over 110 new project line items. The Transnet operating and existing projects include the street restoration effort, which has been identified as a priority by Council in the past; two bridge projects; a detention basin at Loma Alta Creek and Rancho Del Oro; the Coast Highway corridor study; and Transportation Management Center work. Of particular note is the Coast Highway bridge over the San Luis Rey River. Staff is pleased to hear that 100% of that is going to be reimbursed through federal funds.

New projects within the Transnet budget include the Quiet Zone construction drawings, North Avenue slope protection, Americans with Disabilities Act (ADA) accessibility projects and ancillary access at El Corazon at Ocean Ranch Boulevard. The Thoroughfare fee fund is funded through developer impact fees. Existing projects include the Melrose project, three College Boulevard projects, the Thoroughfare Master Plan, as well as the El Camino Real bridge widening. The drainage projects are also funded by developer impact fees. It includes the San Luis Rey River clearing, the Master Plan of Drainage fee schedule update, the Multiple Habitat Conservation Plan and the North Avenue channel protection study.

Municipal building projects are funded by developer impact fees, as well as the General Fund. They include the radio replacement, fire truck replacement, design study for the back-up power at the Civic Center Emergency Operations Center (EOC), two beach restroom projects and the Brooks Street Pool site assessment. Miscellaneous City projects, which are funded through the General Fund, include the long-term zoning effort as well as money set aside for the Arts Commission.

**CARI DALE**, Water Utilities Director, stated this presentation provides an overview of capital improvement projects for water utilities. It was also presented at the infrastructure workshop earlier this spring, as well as at the budget workshop. A computer graphic was used to show existing rehabilitation and replacement projects for Water Utilities. These projects are funded by user fees, development buy-in fees, grants and bonds. Some of the more important projects include improvements to the Weese and desalter treatment plants, as well as structural repairs to reservoirs and the South Oceanside water main replacement project.

New projects for this fiscal year include two significant projects: the Lake Boulevard pump station, which Councilmember Kern has been interested in because it

will get us more of our treated water throughout different parts of the City, and the downtown water replacement project, which is a multi-year project. Existing water supply projects are being put forward in order to meet Council's goal of 50% local supplies by the year 2030. Of note is the Ocean Hills area recycled water project, which will be the first water project that will get large-scale recycled water throughout the community. The total for water projects for Fiscal Year 2014-15 is \$33,900,000.

Regarding existing sewer rehabilitation and refurbishment projects, some of the more notable projects include several upgrades and maintenance/repair projects at the San Luis Rey Wastewater Treatment Plant, as well as technology upgrades denoted as the Supervisory Control and Data Acquisition (SCADA) sewer upgrades. That's the technology that helps us to operate our systems remotely. New projects for this fiscal year include downtown sewer pipeline replacement projects, as well as Closed Circuit Television (CCTV), which is a video camera view of our sewer pipeline that helps us to assess the condition of the pipelines.

When we last gave this presentation to Council, there was discussion about traffic concerns in the downtown area. Staff has noted that Council would like us to work very closely with pavement overlay and other projects in the downtown area to minimize impacts. The total CIP for the sewer fund is approximately \$22,000,000.

She presented the proposed revenues and expenditures for water, sewer and solid waste utilities. The overall expenditures for these utilities, exclusive of transfers, is \$110,000,000. For water, revenues and transfers are projected to be \$74,900,000. Charges for service, which are the bulk of the revenues coming into the water fund, are at nearly \$59,000,000. They are anticipated to increase nearly \$7,000,000 this year. Charges for service include revenues for fixed water service costs, water consumption, miscellaneous fees for service and revenue for water sales to Vista Irrigation District. Charges for service fund the operating budget, as well as the annual replacement costs of \$6,800,000 for the capital projects just discussed.

Water sales to Vista Irrigation District account for an additional \$573,000 in revenues this fiscal year and reflect operational optimization at the Weese treatment plant. Water sales are anticipated to bring in \$4,500,000 in additional revenues due to projected increased water usage of 28,000 acre feet per year, from a historical low in Fiscal Year 2010-11 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 and lower projections for interest earnings. The \$14,800,000 variance in "other" represents a transfer out of the operating fund and into the capital fund, consistent with department policy.

Anticipated expenditures in the water fund and transfers total approximately \$70,000,000. Small capital outlay within the operating budget includes approximately \$95,000 for leak detection equipment and tools at the water plants. Interfund charges and personnel services show decreases of \$300,000 and \$39,000 respectively. The maintenance and operations budget increased by approximately \$7,000,000, 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 utility billing system that's used by water, sewer and solid waste. Transfers out also reflect a \$14,800,000 transfer from the operating fund to the capital fund. The net total for the water fund reflects a surplus.

For the sewer utility, revenues and transfers are projected to be \$48,000,000. Revenue categories attributed to 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 sewer flow transfers. Total revenues are \$36,600,000. They fund the operating and annual replacement costs of \$8,300,000 for water capital. 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 was approved last year.

As in the water fund, developer fees and use of property and money have been adjusted downward to reflect actual trends in developer revenues 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. As with the water utility, interfund charges and personnel services have both been adjusted downward. Maintenance and operations costs reflect an increase of a little over \$1,000,000. As with the water utility, \$700,000 is attributable to one-third of the cost to replace the billing system. Additionally, a variance in the amount of nearly \$11,000,000 for transfers out reflects a transfer from the operating fund to the capital fund. The net cash flow reflects this surplus.

The tables for the solid waste fund are corrected compared to those shown in the budget workshop. For the solid waste utility, revenues are projected to total nearly \$20,000,000. There is an increase of \$400,000 in revenues for contract trash. That reflects the CPI increase of 1.74% that was adopted by Council, which is allowable under the Waste Management contract. The action also reduced the amount of revenue going into the Rate Stabilization Fund by approximately \$260,000. Revenues remain flat for the collector payment of \$1,700,000. That payment reflects 9% of gross receipts for the first contract year of the Waste Management contract. Gross revenues of 9% that are greater than \$1,700,000 are called excess revenues and reflect \$80,000 of the revenues in the table. 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 approximately \$21,700,000. It includes decreases of \$100,000 in interfund charges; maintenance and operations cost increases of \$1,000,000, which includes the \$700,000 expense for the billing system; as well as increased payments to Waste Management. The waste and recycling administrative budget funds contract administration, payments to Waste Management and its proportional share of the cost of the utility billing system and the centralized call center. Personnel services reflect an increase of \$100,000 in order to fully implement the Zero Waste plan. Transfers out remain flat. The cash flow shows a deficit for waste and recycling administration of \$1,700,000. Other revenues coming into the solid waste fund include storm water revenues as a component to the solid waste bill, as well as a separate line item on the bill entitled "City Services." This is a flat charge of \$3.77 on each bill.

Regarding the expenditures for solid waste City services, City services and storm water revenues fund the street sweeping program, the solid waste share of the 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. The highlighted area reflects the overall cash flow for the fund. This is a correction from the workshop. Although the corrected amount is lower than shown previously, the fund still shows a deficit.

As discussed during the workshops, staff will be evaluating the City services fees and the use of the Rate Stabilization Fund at the same time the water and sewer fund rate reviews are being done in the next month. We'll return to Council with a recommendation in concert with the other utility rate recommendations.

Some of the more notable changes in the funds include \$2,100,000 for the replacement of the utility billing system. For water, we've had increases for additional chemical purchases at the Weese Water Filtration Plant as a result of selling water to the Vista Irrigation District, and increases at the Mission Basin Treatment Facility for electricity and temporary personnel. These increased budgeted funds total \$175,000 and \$336,000 respectively. In addition, there is \$400,000 budgeted for water meter

purchases and a \$14,800,000 transfer from the operating fund to the capital fund to fund capital projects.

For sewer, \$93,000 is budgeted for maintenance and repair, and there's a \$10,900,000 transfer from the operating fund to the capital fund. For solid waste, \$200,000 is budgeted for the green waste contract.

Public input

**JIMMY KNOTT**, 127 Sheri Lane, is a member of the Utilities Commission and the Chair of the Budget Committee, although he's speaking only for himself. For the City budget, Council is being optimistic by 25%. In light of the recent recession, Council needs to have a discussion as to what is an appropriate buffer. It might need to be increased.

Budget items not included were the allocated lighting expense and the veterans' allocation of \$600,000. There was also a request from Council for vector control at the Buena Vista Lagoon that was not included. The Homeless Outreach Teams (HOT) should be charged to the District Attorney's office and to Social Services for dumping the homeless in Oceanside. There are one-way tickets from other states and drop-offs from other communities into our City.

There needs to be reconciliation in the solid waste budget. The Council policy manual should state that, with all enterprise funds in utilities, there should be no deficits. This would prevent what is occurring in the solid waste enterprise area.

There are other funding possibilities coming up. The President has just signed a Bill for \$19,000,000,000. The State has released the groundwater basin list. We are #69 out of 514 sites. That means our concerns are way there up on the State level.

**TONY DAVIS**, 423 Mainsail Road, stated his item concerns Brooks Street Pool and getting a proper competition pool for this City. The Brooks Street Pool is about 50 years old. This is about having a proper pool for our swim programs, including at El Camino and Oceanside High Schools. It includes water polo, swimming and the general public having a way to learn how to swim, especially since the ocean is adjacent to the City.

Cities such as Vista and Carlsbad have very good pool situations. Vista has the Wave. Carlsbad High School has a pool that is shared by the public, and Del Norte High School also has a pool. They have swim programs that teach kids how to swim at the basic level and how to compete at a higher level. We're talking about programs that offer scholarships to send kids to prestigious schools.

Parents are driving their kids from Oceanside to Carlsbad, Del Mar, etc. to get into a pool that's the proper size. Brooks Street Pool is 33 yards instead of 25 yards, which is not competition size. This is not where you're going to bring in a program for kids who are going to get into competition if you're serious about it.

There is some money for the Marshall Street Pool that Council has put aside. Maybe there is some money for an assessment at Brooks Street Pool. He'd like to see it widened. There was a lot of money allocated for beach bathrooms. He'd love to see that pushed towards a quality public pool in Oceanside.

**TATYANNA BARR**, 3957 Colina Court, is going to be a junior at El Camino High School in the upcoming year. She has been swimming at Brooks Street Pool since she was a baby. She wants to share some things about the importance of this pool. Whether the choice is to have a new facility built or to fix Brooks Street Pool, it will be a decision that's long overdue. Both El Camino and Oceanside High Schools are forced to practice at a pool that's not the regulation length or depth. During water polo, we

practice and hold games where the pool is deepest at 10 feet and the lowest we go is five feet. Even though the point is to tread water, at times it's a force of habit to touch the bottom, which causes turnovers.

Another problem is swim season. Brooks Street Pool is a 33-yard pool, unlike a regular 25-yard pool. In a regular 25-yard pool, 100 meters is four lengths. However, at Brooks Street Pool, 100 meters is three lengths. A 500-meter freestyle race, which is normally 20 lengths, is only 15 lengths. Another issue is the talent and dedication that some of these kids have. We have many past and present swimmers and water polo players who have pursued their college careers in one of these two aquatic sports. It doesn't seem right that when we have a home game and are supporting our school, we have to adjust to the pool to compete in it.

If we have kids who are going to attend a nice college for swimming or water polo, why should they have to practice and compete in a non-regulation-size pool? She wants to play water polo in college. It is devastating not to have a pool that's right. Our aquatic programs have always been fun events to watch. We're growing more each year thanks to the dedication of our amazing coaches.

In 2013, the girls' water polo team went to California Interscholastic Federation (CIF) and seated seventh. That was the first time in five years. We also conquered teams last year and the year before. The boys swim team won second overall at CIF in 2013 and have been winning at CIF for more than ten years. We have a group of boys and girls who are blossoming and becoming faster. Sports are a getaway for some people. Why not have a beautiful pool to do it in?

Brooks Street Pool is her home away from home. Build a facility for us and the next generation to come.

**GARRETT RUTZ**, 503 South Tremont Street, is the head coach of the boys' water polo team. He also runs the Oceanside Water Polo Club. We obviously know why we need to improve the pool. We already have the existing infrastructure. We've been paying for this pool for 50+ years. We're spending a lot of money to keep correcting problems that are going to keep recurring because the pool is very old. We need improvements because the programs are growing, and the pool size cannot accommodate them. The City is losing revenue daily. If you have more space and a bigger pool, you have more water to rent out to programs.

Brooks Street Pool cannot accommodate more than one practice at once, which means that, for nine months during the high school season for boys' and girls' water polo and swimming, the high schools have to split 4-5 hours of practice blocks. If you have a 10-16-lane pool, you can practice them all at once with the same amount of staffing. We already have a lifeguard division in place. Nothing new will be created from this. The club facilities are used year-round.

He saw the soccer players earlier with all of their medals. That will never happen with water polo or swimming until we have a bigger pool. He's had many parents come to him wanting to have their kids play in his water polo program. He has to send them to other cities and programs because we don't have the pool size to accommodate them.

The City will save money because a new filter/heating system, although expensive at first, will save money month after month even with a bigger body of water. Technology has gotten a lot better. The City will also increase revenue because more water can be rented. The City will save money by being able to run simultaneous high school practices instead of just two practice blocks at once.

The residents in surrounding areas are going to have a safe, clean and legitimate pool for recreation. Brooks Street Pool is in one of the most impoverished areas in the

City. If you give those kids a place to go to, they're not going to participate in as much crime as they grow older. High school programs and club teams will be able to further expand their programs, insuring that more kids can learn the value of hard work and personal responsibility.

The solution is to renovate the existing structures, create a 40-yard by 25-yard standard pool with a new heating/filter system, and tear down the concrete wall surrounding Brooks Street Pool. Instead, put up a wire fence to show residents and people passing by on the freeway how beautiful the new pool is.

Although he hears the concerns of the City with regard to having the high schools chip in for the renovations, he believes that the high schools should not have to pay for the renovations. The high schools need to focus on education, teacher salaries, student textbooks and the overall learning environment on their respective campuses. If the high schools can come up with enough money to chip in for this project, then they should build their own pools on their own campuses. Brooks Street is a City pool that has been neglected for many years. It's time for the City to fix this program.

**MIDORI HATAKEYAMA-SIMOVICH**, 335 Del Flora Street, is the mother of a water polo and swim team member. One speaker mentioned the loss of swimming pool time. There are a lot of high school kids here today to support the aquatic center. She started an organization to support Oceanside aquatic programs. Her frustration is that there is no home base for her organization to generate interest. There is no place to invite people to events in Oceanside. We have awesome swimmers and water polo players, but unfortunately they are playing outside of Oceanside. They play at Vista or Carlsbad because there is no decent swimming pool here.

The Oceanside Water Polo Club coach is trying hard to push for an Oceanside program. He has to work within a very limited space and cannot accept everybody. She would like Council to consider creating a home for the aquatic people in Oceanside.

**JUAN HERNANDEZ** has a son who joined the Oceanside Swim Club. He loves swimming. Mr. Hernandez became an official for swim meets and also a board member for the Oceanside Swim Club. He works with great people. They are planning for the annual Labor Day pier swim. The pool is a hub for a lot more than just swim lessons in the summer. We have awesome high school students on the swim and water polo teams. Little kids like his son look up to these students. Not having a real place to swim is going to change the direction for these competitive swimmers. They'll go for sports like football, where they know there is revenue and popularity.

These are things for Council to consider when they are looking at the budget to determine whether or not to work with a pool that has a lot of history. Hopefully, we'll continue that history for our kids and the high school students.

**CITY MANAGER JEPSEN** stated that, regarding the community need for a new pool, he understands it and supports whatever we need to do to move in that direction. As for Mr. Knott noting that we're over-projected by 25%, we've realized a 2.5% increase in our revenues over the last three years. Perhaps his comment was more about making sure that we have adequate reserves. Our projections are reasonable. They're in the mid-range. They're not remarkably conservative, but also not overly aggressive. One could assume that we're going to miss the mark, but it's not a science. Projecting revenues is an art.

Mr. Knott also mentioned vector control. We got direction from Council regarding Buena Vista Lagoon to look at alternative funding and services in that area. We have not budgeted any additional money. If we needed it, we would have to come back to Council for extra services. This community has purchased those services in the past. As for the relationship between the District Attorney's office and our HOT team, he didn't consider that. If he had a way of charging that back to them, he would. He

doesn't think we're going to make a lot of progress in that regard, but we still need the HOT team.

As for the reconciliation in solid waste, we did acknowledge that at the workshop. We need to make sure that not just solid waste, but all of our utilities are sustainable within the revenue stream. It's not going to be problematic for a single year, but on an ongoing basis we want to be certain about where we are. We will bring that back for examination.

**FINANCIAL SERVICES DIRECTOR RILEY** stated there was mention of \$25,000 put into the budget for lighting. He didn't spotlight it, but it has been included in this year's budget. Also, the money for veterans is something that was supposed to be brought back to Council. There hasn't been a Council decision on that yet. If it is approved, the funding would come out of our reserves.

**MS. DALE** stated regarding the groundwater basin, it is a non-budget item, but we are aware of the designation.

**CITY ENGINEER SMITH** stated that, looking over the capital funding, it appears that there are adequate funds to evaluate Brooks Street Pool, as well as a stand-alone facility. That's something Council may want to consider. We already have Brooks Street Pool identified in the site assessment.

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

**COUNCILMEMBER FELLER** asked if the school district pays anything regarding the pools. We open them for the schools. Is that correct?

**CITY MANAGER JEPSEN** responded his understanding is that we have an exchange agreement with them. We use school facilities, and they use our pool facilities. It's pretty much a wash.

**COUNCILMEMBER FELLER** noted that, for the harbor, the discussion was about pending items. We really need to tighten some of those issues down, especially the sale of slips along with a boat. We had talked about that earlier.

He asked Mr. Riley to explain the Fiscal Year 2009-10 expenditure increase that was shown on the computer graphic.

**MR. RILEY** responded the graph shows more expenditures than revenue in Fiscal Year 2009-10.

**COUNCILMEMBER FELLER** asked if there was a certain cause that we know of.

**CITY MANAGER JEPSEN** responded we tried to normalize the graph. We took out the capital infusions. What you're looking at is the normal operating cost comparison from year to year. Unless there was an anomaly, 85% of the cost is personnel-based.

**COUNCILMEMBER FELLER** stated that set us in a wrong direction at that time. As far as the pool, he's attended a lot of the swim functions for many years. He knows it's a challenge. The previous City Manager talked a lot about providing a swimming pool. The thing that has always held us back is the operation, not the cost. It's time for us to nail that down. We have \$10,000 for a study of Brooks Street Pool, but we spoke about having a little extra to look at other locations. Maybe we could instruct staff and the City Manager to come back.

The young people and adults here tonight are the tip of the spear. We're

hopeful that the budget revenue continues to grow. The youth may or may not see it in their career at El Camino High School, but they may be leading the way for the people following who are in the 7<sup>th</sup> and 8<sup>th</sup> grade now. The City Manager is interested in trying to look at a pool. It's time to do that. He's glad the young people and adults are here tonight to tell us what they think. We're probably going to make a dent in their cause with this next budget.

He **moved** approval of [adoption of the following resolutions:

**Resolution No. 14-R0333-1**, "...determining and adopting an Appropriation Limit for the Fiscal Year 2014-2015 in accordance with Article XIII-B of the Constitution of the State of California", as modified by Proposition 111 for FY 2014-2015 as calculated in the resolution

**Resolution No. 14-R0334-1**, "...approving the Operating Budget for the Fiscal Year 2014-2015" (City Operating Budget)

**Resolution No. 14-R0335-1**, "...approving the Capital Improvements Program Budget for Fiscal Year 2014-2015" (City Capital Improvements)

**Resolution No. 14-R0336-3**, "...approving the Operating Budget for the Fiscal Year 2014-2015" (CDC Operating Budget)

**Resolution No. 14-R0337-2**, "...approving the Operating Budget for the Fiscal Year 2014-2015" (Harbor Operating Budget)

**Resolution No. 14-R0338-2**, "...approving the Capital Improvements Program Budget for Fiscal Year 2014-2015" (Harbor Capital Improvements)].

**COUNCILMEMBER KERN seconded** the motion.

**DEPUTY MAYOR SANCHEZ** learned how to swim at the Brooks Street Pool as a youth. We need to do something about this now. She had brought this up at the workshop. She heard that it was going to be more and that \$10,000 doesn't pay for a study. It certainly doesn't get it going to make it happen within a short time. She wants Council to commit to this and not kick the can down the street.

When she was growing up, she knew that the pool was not the best. There were only 30,000 people living in Oceanside when she graduated from Oceanside High School in 1974. Now there are 180,000 people, and we still only have one functioning swimming pool. This is a terrible situation. We need to get both pools working. At the very least, we need to make sure that Brooks Street Pool is done immediately. She wants this to happen.

She knows that Councilmember Feller looks at our waste hauler contract differently. In 2010, Council couldn't agree to have a competitive bid on our waste hauler contract. For years we had Waste Management and didn't have a competitive bid at all. We didn't do this for several decades. We finally decided that, since we couldn't agree to send it out to see who could get us the best deal, we would get a consultant to see if Waste Management could give us a better deal. That consultant was able to get us a franchise fee worth \$26,000,000 for the first time. That's a big chunk of money coming to Council for City services to our community.

A franchise means that you're giving a contract to one hauler. She is happy to say that four Councilmembers agreed to that. We have actually kept the waste hauler cost down. On top of that, we're doing tremendous programs to teach our community the importance of recycling. Recycling is not only saving our planet, but it was also a big economic boon for us. Recycling means that we get dollars back. This is a different way than how Councilmember Feller looks at it, but \$26,000,000 for our residents was a

great deal, and it continues to be a great deal.

Regarding the sale of the boat slips, she doesn't think that the Harbor and Beaches Advisory Committee sees it the same way, but there is value to a boat that is connected to a lease. Now we're saying that the boat owners don't get the value of this because they want to sell their boats. That doesn't make any sense to her, especially when we have practically a zero vacancy rate in the harbor now. We raised the fees for the boat owners. 75% of the revenues come from the slip fees. It's basically paying for itself. It wouldn't be fair to take this value away. A lease is a property right.

Regarding the vector control issue that was brought up, it's not a money issue. It's a jurisdiction issue and also a design issue. We know that the Buena Vista Lagoon is dying. You can smell it and see the bugs. The reeds are choking the nutrients out of the lagoon. It's a horrendous situation. She remembers when there were no reeds, and it was a nice lagoon. It needs to be flushed. If the lagoon were flushed with sea water, those reeds would die and there would not be this vector control issue.

There is a vector control department in the County. They collect a tax every year from all property owners. It's a lot of money used for this purpose. That tax was passed ten years ago. Before that it was the City's responsibility to put money in to address the issues of the lagoon. That's no longer the case.

Regarding the Melrose Drive extension, \$1,200,000 is a waste of taxpayer money to straighten out a road only to increase development in our agricultural lands. It is so important to maintain this mixed economy in Oceanside. That is going to sustain us into our future. We have the largest farms in the whole County. They do a lot to sustain us in the County. We need to maintain that.

We don't need the Melrose extension. We need the development to be closer to where the services are. When you develop out east, it creates huge problems for everybody else because then you have to build another sewage treatment plant, pipes, etc. Oceanside residents will have to pay for this infrastructure. Development out east will double our water bills. We don't need that. We need development to be where our services already are. This is a huge waste of taxpayer money.

Since the last workshop, she thought staff would be looking at Brooks Street Pool much harder. She doesn't see that anything happened. It's still \$10,000, which doesn't pay for anything. She wants to make sure that we have a program and a timeline for when this is going to be built. It already needs maintenance. We knew that the pool was going to close down for that purpose. Let's make it the 45-yard by 25-yard pool. It can be done there. There's a footprint. Let's do it.

**COUNCILMEMBER KERN** stated a fee is a tax. Waste Management does not pay that franchise fee. The ratepayers pay that franchise fee.

**DEPUTY MAYOR SANCHEZ** stated it would have been profit to Waste Management.

**COUNCILMEMBER KERN** stated it's a misnomer. Fees are taxes. It's just by another name. Mr. Knott referred to the Water Resource Development Act that was signed. He asked if we have any eligible projects for that.

**MS. DALE** responded we do. All of the recycled water projects that are in the cooperative North County recycle water group are eligible for that funding. They are in the queue to be included.

**COUNCILMEMBER KERN** stated that ties into what the State did three weeks ago with the California Environmental Quality Act (CEQA) exemptions on water projects. He asked if we have any projects outside of those that qualify.

**MS. DALE** responded the CEQA exemptions apply to recycled water projects, which are the same projects that would be eligible under the other federal money.

**COUNCILMEMBER KERN** noted that, if we have money for it and less regulations, maybe we can move these things quicker. He's torn about the pool. If they want to teach people to swim, they can swim in the pool that they have now. There needs to be a champion to get this project through. The champions are in this room. If it's a community pool, it needs to be a community effort. Hopefully, the speakers here tonight have been going to the school board and making the same presentation about their needs. He doesn't mind having a committee and getting the group together to see how to accomplish this. It can't be just the City or just the school. This is something that we need to sit down and deal with, using a long-range plan.

The school does have some money. They have the proceeds from Proposition H. They were going to build a theater at Oceanside High School. That money is sitting there. If you can redirect that money into pools instead of a theater, maybe that would work. They have a theater at El Camino High School. They don't need another theater in the district. Maybe they need a pool that both schools can use at one site.

We'll try to get this resolved. He talked to Dr. Coleman briefly about these issues last week. He'll talk to Dr. Coleman, staff and the board members again to see how we can cooperatively solve this problem. At one time, former Superintendent Victoria Richart had plans to build a pool at MiraCosta College. He doesn't know where those plans are, but that's another community asset that we can maybe pull into the discussion about how we fund this to make it a true community asset.

We have a proposed workshop in August to talk about a swim pool complex at El Corazon. It could solve everybody's problem. They offered to build a community pool too. Maybe we can say that in order for them to build, they have to build a community pool with it. Those things can happen.

He wants the pool built. It's just figuring out how we do it and who funds it. That's the long-term question that we need to resolve.

**COUNCILMEMBER FELIEN** stated it would be a great idea if we could get a competition pool. He supports Councilmember Kern's thought that it needs to be a community effort by all of our government agencies working together. When he grew up, the pools were at his high school and junior college. That's where he learned to swim. He's not sure how the school districts are abdicating their share of the responsibility to support water teams when it was done in the past.

As Councilmember Feller mentioned, the issue is the long-term operating costs for that kind of project, not the up-front costs of putting a pool in the ground. We have to make sure that we have the ability to support it long-term with our budget. The only reason this is on the table is because we had to slash community services, including the Marshall Street Pool, to pay for one-sided labor contracts. Those are the tough decisions that had to be made over the past four years.

Every one of the budgets that he votes on is going to be a balanced budget. We see in the budget that we're planning for our long-term future needs, putting aside money for the first time to fund our capital needs in regards to our fire equipment. We're putting money aside for the first time to fund our long-term need for general plan updates and the planning that we need. That's all a welcome change. Also hanging over our City, which is factored in currently, is the long-term pension crisis that's still upon us. Our pension costs are going up 78% over the next 7-8 years. That's real money that's going to have to come out of our revenue stream. It's going to be a challenge to fit a competition-style pool in with the kinds of demands we're going to have on our finances.

A fee isn't paid by Waste Management. It's the fee that's added to the trash bill when they computed the contract. It's a way for the City to shift money from a utility fund into the General Fund. It's done all the time, but it's not free money. It's paid for by citizens.

We have a great budget. We're going in the right direction. Oceanside has turned an important corner. He supports this budget.

**DEPUTY MAYOR SANCHEZ** spoke to a member of the Board of Trustees for Oceanside Unified School District. There is no money. This is a municipal pool. She learned to swim because she was a citizen of Oceanside, and there was a municipal pool. This is our responsibility. There is no money at Oceanside Unified. We need to do this now.

We have the money. People have already made it clear that the activities are not really going to change in terms of operation. Swimming in a place that is not competition is the handicap here. The pool is already overused. It is going to change the quality, not the quantity. Our community is asking for this. This pool needs to be fixed, regardless. Since it has to be torn up, let's just extend it and make it right.

It's not the operation costs, as Councilmember Felien said. It's actually a capital cost. We have the money. We can make this right for our citizens. We need to do this.

Waste Management made tons of profit from us for years. That money is now going to our residents. It's not a tax. It's a franchise fee. Everything that we do here is a service to the community. Everything is based on labor. What we have done for the City is to provide the best possible quality of life for our residents. None of us are squandering our money. The only money that's being squandered is on useless projects like the Melrose extension, which is a developer-based project that has nothing to do with providing services and a better quality of life for our residents.

**COUNCILMEMBER FELLER** stated we have to do what we can afford. He encouraged the City Manager, within the next 60 days, to use some of that money to evaluate what we can best do for our community as far as a pool. If it pencils out, then maybe we can find a way. He's not going to demand that the City Manager spend any of the reserves at this point, but he should look at the overall way that this could be handled, whether we have discussions with MiraCosta, the school board or the new Superintendent. He asked if 60 days is enough time to evaluate this. Otherwise, he'll give it more time.

**MAYOR WOOD** joins with Councilmember Feller and Deputy Mayor Sanchez to make it a high priority to try to do something about the pool. It's important. It's where he learned to swim too. He hopes that Council is up here to do the best for the City and its budget. Some of that is trying to do quality-of-life projects for the citizens of Oceanside. We're not really out of the disaster zone with the budgets, both nationally and statewide. We're just having a little upturn, which he's very happy about. There's some building and other things going on. Hopefully, jobs will improve.

We have to sit up here with a certain amount of money and a certain amount of cost and figure out how to spread it out. We have our need-to-have categories such as public safety, etc. It's like balancing your checkbook and credit cards, but on a scale of hundreds of millions of dollars. Some of those costs are viewed a few years down the road and involve multiple-year payments.

We have two pools that are very old. The heating system could be improved to save costs. He supports looking into somehow having a competition pool. We have two pools in Oceanside and don't get much help from the school district or the college. When El Corazon was first talked about, he remembers conversations about having an

official regulation-size pool. The school district and college were interested in being partners with the City regarding the pool. He guesses that has died over the years with the economy.

It's important to understand that the City does have some money set aside. A lot of it is for capital improvements. This has been a fairly simple budget for Council. It has been hard, but we have a balanced budget.

Earlier, he mentioned some of the things that we needed, but he didn't mention the pool. We laid off about 160 employees over the last few years. Those are employees who provide City services. It's not easy to let go of people you know. We've also had management-level people that have gone to other cities because they were afraid we were going to outsource them.

A lot of the money is in water and sewer. Water is the most valuable commodity in Southern California, and it keeps going up. Those big numbers have to be addressed. If we have a sewer leak, we can get fined tens of millions of dollars. We have to keep up with infrastructure. It's important because of all the money we're talking about. A couple of millions of dollars could easily be wiped out by one sewer break. We have to watch out for things like that.

It's important that we address our employees and do the best we can with what we have. The layoffs happened during a tough time. We didn't expect the economy to fall like it did. Along the same lines, we told every single employee that they wouldn't get any raises and it has been multiple years since we've given any raises. When it got down to the Police Department pay raises, it went to an impasse. A few days later we had a contract. We gave them some money, and they were happy. He appreciates the City Manager's work in making that happen.

However, because we said no to everybody else up to that point, the other groups came back asking about their "me-too" clauses. He had the City Manager resolve it because he didn't want to go to war with all of the employee groups during the election year.

A while back, he said that he was embarrassed to work with this Council majority. That's why he tried to become a Supervisor in the County. He didn't make it, so he's back as the Mayor. He's here to represent the citizens and will do that. We're all here to do the best we can with the budget. Everybody expects us to provide the services that people pay taxes for. That means police, fire, sewer, water, streets, etc. People are also hoping to get some things that are beneficial to their families and that will bring people to the City.

Now that he's still here as the Mayor, he wants to address the citizens' needs as best he can. We do not have a lot of extra money, even though it's on its way up. What makes more money? It's the hotels you see downtown and other businesses coming here. Those businesses and their taxes pay for employee raises and all of the things we want in town, like a pool. That's what we're striving for.

He'd like to see some of our employees hired back to make sure that we run the City better, but we don't have a lot of money. After going 5-7 years without getting pay raises, maybe our employees deserve one. The City Manager needs help. We have the Deputy City Manager, and our former City Manager is here until December, but this City is too big not to have a public information officer. We need to have good policies with the press, which brings businesses and people here. We let go of that person too.

He'd like to see this person be involved with the EDC to bring businesses here. We only have two people in that field. Carlsbad has six. This person could also help Council, the City Manager and staff with State issues. The State issues are big and usually cost the City a lot of money. We need somebody to monitor this closer. He'd

like to see somebody on the City Manager's staff who could take over those duties.

He sees an improvement in the State with the economy improving. We have another hotel that might come to Oceanside. That means good business, TOT tax, etc. With all of the input, it's going to be up to staff and the City Manager to filter out what was said tonight and decide where the priorities are. We've been pretty much onboard as a Council in going forward with the City Manager's recommendations.

**MR. SMITH** stated the 60 days that was mentioned by Councilmember Feller may be a little aggressive considering the time it takes to get a staff report through the process. He suggested 90-100 days to come back.

**CITY MANAGER JEPSEN** stated there are a couple of different issues. One is what we're going to do about the Brooks Street Pool and how long it's going to take. We can move forward with that assessment expeditiously. He wants to understand more thoroughly what it's going to take to put new sides and a new bottom on our pool. There's a point where you may be better off if you just replace the whole pool, such as if the pipes are bad, the equipment needs to be replaced, etc. He doesn't want to delay these things unnecessarily while we're analyzing the pool. We can do that remarkably quickly because we've already got some data on it.

The more comprehensive issue is what we need for a competition swim complex in the City. We can bring back a work scope/plan separately to Council for their consideration. We can probably put the larger assessment together in the next 30 days and move forward expeditiously on the Brook Street Pool assessment. We can bring that back and see what Council wants to do.

We're not going to tear the pool apart this summer. We're going to get through the summer with the existing pool. After summer, we're going to look at the construction and how we're going to change the pool. We have time. Looking at bringing back the comprehensive assessment of the Brooks Street Pool expeditiously and then having Council decide if they want to commit some of their reserve resources to fix the pool would be appropriate.

**MAYOR WOOD** agrees with Deputy Mayor Sanchez on the Melrose Drive extension. A while back, everybody wanted the bridge over Rancho Del Oro at Highway 78, but nobody wants to support it. You can't drop a bridge on the Carlsbad side because now it's all habitat. The Melrose Drive extension was turned down by the Planning Department because it didn't benefit Oceanside. They wanted us to spend \$1,400,000 to study it. It can't be done because you'd have to have a 4-5 Council majority vote. It's not there, and he doesn't foresee it being there. We'd be spending \$1,400,000 for something that can't be done.

**Motion was approved 4-1, Sanchez – no.**

21. **City Council: Adoption of a resolution confirming the Engineer's Report, confirming the diagram and assessments, ordering the assessments to be levied for FY 2014-15 for the Oceanside Lighting District, Assessment District No. 2-1991; and approval of budget transfers in the amounts of \$390,000 in gas tax funds and \$10,000 in energy fees to the Lighting District account**
- A) Mayor opens public hearing – hearing was opened.
  - B) Mayor requests disclosure of Councilmember and constituent contacts and correspondence – Mayor Wood and Councilmembers Feller and Felien reported contact with staff; Deputy Mayor Sanchez and Councilmember Kern reported contact with staff report.
  - C) Clerk presents correspondence and/or petitions – none.
  - D) Testimony, beginning with:

**DOUGLAS EDDOW**, Real Estate Manager, stated this item is needed to levy the assessments for the Lighting District. The Lighting District assessments will remain the same as in prior years. The level of service will not be diminished.

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

**DEPUTY MAYOR SANCHEZ** moved approval of [adoption of **Resolution No. 14-R0339-1**, "...confirming the 2014-2015 Fiscal Year diagram and assessment for the Oceanside Lighting District, Assessment District No. 2-1991," ordering the assessments to be levied for FY 2014-15 for the Oceanside Lighting District, and approval of budget transfers in the amounts of \$390,000 in gas tax funds and \$10,000 in energy fees to the Lighting District account].

**COUNCILMEMBER KERN** seconded the motion.

**Motion was approved 5-0.**

22. **City Council: Adoption of resolutions confirming the diagrams and assessments for FY 2014-15 for ten of the City's Landscape Maintenance Districts: Del Oro Hills, Assessment District No. 1-1987; Guajome Ridge, Assessment District No. 1-1989; Mar Lado Highlands, Assessment District No. 1-1988; Mission Meadows, Assessment District No. 2-1979; (5) Peacock Hills, Assessment District No. 1-1977; Rancho Hermosa, Assessment District No. 3-1982; Santa Fe Mesa, Assessment District No. 2-1987; Sunburst Homes, Assessment District No. 1-1980; Sunset Hills, Assessment District No. 2-1982; Vista Del Rio, Assessment District No. 1-2001; and ordering the assessments to be levied for FY 2014-15**

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

**DOUGLAS EDDOW**, Real Estate Manager, stated this item is needed to levy the assessments for ten of the eleven Landscape Maintenance Assessment Districts. The assessments remain the same except for two of the districts, which have a built-in CPI that was previously approved by Council.

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

**DEPUTY MAYOR SANCHEZ** moved approval of [adoption of the following resolutions:

**Resolution No. 14-R0340-1**, "...confirming the Fiscal Year 2014-2015 diagram and assessment for the Del Oro Hills Landscape Maintenance District, Assessment District No. 1-1987"

**Resolution No. 14-R0341-1**, "...confirming the Fiscal Year 2014-2015 diagram and assessment for the Guajome Ridge Landscape Maintenance District, Assessment District No. 1-1989"

**Resolution No. 14-R0342-1**, "...confirming the Fiscal Year 2014-2015 diagram and assessment for the Mar Lado Highlands Landscape Maintenance District, Assessment District No. 1-1988"

**Resolution No. 14-R0343-1**, "...confirming the Fiscal Year 2014-2015 diagram and assessment for the Mission Meadows Landscape Maintenance District, Assessment District No. 2-1979"

**Resolution No. 14-R0344-1**, "...confirming the Fiscal Year 2014-2015 diagram and assessment for the Peacock Hills Landscape Maintenance District, Assessment District No. 1-1977"

**Resolution No. 14-R0345-1**, "...confirming the Fiscal Year 2014-2015 diagram and assessment for the Rancho Hermosa Landscape Maintenance District, Assessment District No. 3-1982"

**Resolution No. 14-R0346-1**, "...confirming the Fiscal Year 2014-2015 diagram and assessment for the Santa Fe Mesa Landscape Maintenance District, Assessment District No. 2-1987"

**Resolution No. 14-R0347-1**, "...confirming the Fiscal Year 2014-2015 diagram and assessment for the Sunburst Homes Landscape Maintenance District, Assessment District No. 1-1980"

**Resolution No. 14-R0348-1**, "...confirming the Fiscal Year 2014-2015 diagram and assessment for the Sunset Hills Landscape Maintenance District, Assessment District No. 2-1982"

**Resolution No. 14-R0349-1**, "...confirming the Fiscal Year 2014-2015 diagram and assessment for the Vista Del Rio Landscape Maintenance District, Assessment District No. 1-2001", and ordering the assessments to be levied for FY 2014-15].

**COUNCILMEMBER KERN seconded** the motion.

**Motion was approved 5-0.**

23. **City Council: Adoption of a resolution confirming the diagram and assessments for FY 2014-15 for the Douglas Park Landscape Maintenance District, Assessment District 5-1981, and ordering the assessments to be levied for FY 2014-15**

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

**DOUGLAS EDDOW**, Real Estate Manager, stated this is the remaining Landscape Maintenance Assessment District. We need to do this action in order to levy the assessments. The assessments are slightly increased due to a CPI increase that was previously approved by Council. The level of service does not change.

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

**DEPUTY MAYOR SANCHEZ moved** approval of [adoption of **Resolution No. 14-R0350-1**, "...confirming the Fiscal Year 2014-15 diagram and assessment for the Douglas Park Landscape Maintenance District, Assessment District No. 5-1981," and ordering the assessments to be levied for FY 2014-15].

**COUNCILMEMBER FELIEN seconded** the motion.

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**Motion was approved 4-0** - Kern recused himself due to conflict of interest.

**INTRODUCTION AND ADOPTION OF ORDINANCES** - None

**ADJOURNMENT**

**MAYOR WOOD** adjourned this joint meeting of the Oceanside City Council, Community Development Commission, Small Craft Harbor District Board of Directors and Oceanside Public Finance Authority at 8:19 PM on June 11, 2014. [The next regular meeting is scheduled for 2:00 PM on Wednesday, June 25, 2014].

**ACCEPTED BY COUNCIL/HDB/CDC/OPFA:**

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Zack Beck  
City Clerk, City of Oceanside