

CITY OF SAN CLEMENTE

City Council Minutes

Adjourned Regular City Council Meeting – March 4, 2015

These minutes reflect the order in which items appeared on the meeting agenda and do not necessarily reflect the order in which items were actually considered.

An Adjourned Regular Meeting of the San Clemente City Council was called to order on March 4, 2015 at 5:05 p.m. in the Council Chambers, located at 100 Avenida Presidio, San Clemente, California, by Mayor Hamm.

PRESENT BAKER, BROWN, DONCHAK, WARD, MAYOR HAMM

ABSENT NONE

STAFF PRESENT James Makshanoff, City Manager; Joanne Baade, City Clerk; Laura Campagnolo, Deputy City Clerk

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1. **SPECIAL PRESENTATION**

Mayor Hamm presented a Certificate of Recognition from the Government Finance Officers Association (GFOA) to Information Systems Analyst Brian Brower and Financial Services Officer Jake Rahn for Budget Preparation.

2. **NEW BUSINESS**

A. **FY 2015 2nd Quarter Report and Mid-Year Budget Adjustments**

Report from the Assistant City Manager concerning the FY 2015 2nd Quarter Report and mid-year budget adjustments.

Finance Manager Vincent narrated a PowerPoint presentation entitled "FY 2015 Mid-Year Financial Report as of December 31, 2014" and responded to Council inquiries. A hard copy of Ms. Vincent's PowerPoint is on file with the City Clerk.

MOTION BY COUNCILMEMBER BROWN, SECOND BY COUNCILMEMBER DONCHAK, CARRIED 5-0, to:

1. Approve the FY 2015 2nd Quarter Report.
2. Approve and authorize the mid-year adjustments listed in "Attachment A" of the Administrative Report, dated March 4, 2015, that is on file with the City Clerk.

3. **2015 Long Term Financial Plan (LTFP)**

Report from the Assistant City Manager concerning the 2015 Long Term Financial Plan.

Assistant City Manager Sund reviewed the Introductory and Trends portion of the PowerPoint presentation entitled "2015 Long Term Financial Plan" and responded to Council inquiries.

Finance Manager Vincent continued the PowerPoint, focusing on the Financial Forecast; responded to Council inquiries.

A hard copy of the PowerPoint presentation provided by Mr. Sund and Ms. Vincent is on file with the City Clerk.

MEETING RECESSED

Council recessed at 6:30 p.m. and reconvened at 6:56 p.m., with all members present.

Financial Services Officer Rahn narrated PowerPoint presentations entitled "Reserve Analysis" and "Fiscal Policy" and responded to Council inquiries. A hard copy of Mr. Rahn's PowerPoints are on file with the City Clerk.

Principal Civil Engineer Knatz narrated a PowerPoint presentation entitled "Capital Projects Analysis" and responded to Council inquiries. A hard copy of Mr. Knatz' PowerPoint is on file with the City Clerk.

Information Technology Analyst Brower narrated a PowerPoint presentation entitled "Information Technology Strategic Plan" and responded to Council inquiries. A hard copy of Mr. Brower's PowerPoint is on file with the City Clerk.

City Planner Pechous narrated a PowerPoint presentation entitled "Centennial General Plan Strategic Implementation Plan" and responded to Council inquiries. A hard copy of Mr. Pechous' PowerPoint is on file with the City Clerk.

During the course of discussion, Council provided direction as follows:

- Staff is to provide information (i.e., revenues and expenditures) associated with the City's seasonal ambulance program.
- Staff is to provide data relating to phasing of the Marblehead Coastal retail project, including a possible boutique hotel.
- Council noted that the Taylor Morrison development in the Marblehead Coastal project will generate approximately \$800,000 in affordable housing in-lieu fees. Staff is to obtain a legal opinion that identifies allowable uses for the City's affordable housing in-lieu fees. For example, can the fees only be used for affordable housing? Or can they be used to obtain property for an emergency shelter, transitional housing, etc.?)
- Staff is to report on the manner by which the City would respond to worst-case and best-case economic scenarios.
- Council requested a status update related to the Government Finance Officers Association's (GFOA) Reserve Study which is intended to determine the suitability of city reserve levels. Staff was directed to provide a copy of the scope of services and provide the Reserve Study when completed.
- Staff is to provide a demonstration at a Council meeting and/or field demonstration concerning the functionality of the Lucity program. Council requested to also hear the perspective of non-managers concerning the program.
- Staff is to aggressively seek grant opportunities for maintenance/rehabilitation of the City pier.
- Staff is to return to Council with an in-depth analysis (including a cost/benefit comparison) of a Local Coastal Program.
- Consideration is to be given to updating Fire/EMS related fees.
- Staff is to examine the possibility of establishing a golf cart registration fee that is separate from the golf course fees.
- Council noted that Staff is proposing that \$2.5 million be allocated for City Hall improvements. Council expressed an interest in deliberating possible Civic Center alternatives (including rehabilitating the current City Hall versus relocating to the Negocio facility or other location). Staff is to provide Council with a memo on this topic and agendaize the issue for a future meeting. Additionally, Staff is to determine whether interactions/efficiencies between staff members located in different facilities could be improved via technology or other means.
- Council determined that the Beaches, Parks and Recreation Master Plan should be deferred for 12 months. The structure of the Master Plan RFP is to be revisited with the Beaches, Parks and Recreation Commission and the issue is to be agendaized for Council consideration next fiscal year.
- Councilmember Ward is to meet with Mayor Hamm, Associate Planner Gregg, Transportation Engineering Manager Frank, and the Chairs of the

Planning Commission and Beaches, Parks and Recreation Commission, to vet ideas concerning opportunities for the North Beach triangle site.

- Staff is to examine ways to optimize revenue from the City's Transient Occupancy Tax (TOT) program. Opportunities to be assessed include the following: 1) Outsourcing the program to a third party (possibly via a revenue-sharing arrangement), 2) Expanding the maximum short-term rental period for which TOT is collected from 30 to 60 days, 3) Establishing a special TOT for Residential Low districts, and 4) Addressing the issue of cyber rentals as it relates to TOT collections.

MOTION BY COUNCILMEMBER BROWN, SECOND BY COUNCILMEMBER DONCHAK, CARRIED 5-0, to take action as follows:

Financial Trend Analysis

1. None

Financial Forecast

1. None.

Reserve Analysis

1. Maintain the Sustainability Reserve at \$10 million.
2. Maintain the General Fund Emergency Reserve at a level of 9% of operating expenditures.
3. Maintain the Enterprise funds emergency reserve level at 12% of operating expenses.
4. Establish a new Fiscal Policy creating a California Water State Revolving Fund (CWSRF) Debt Service Reserve setting aside cash in the Water Operating Fund, as required under the financing agreement.
5. Establish a Pension Reserve to set aside funds to address large pension rate increases by establishing a restricted reserve in the General Fund to offset any pension rate increase related to the City's conversion to the California Public Employees Retirement System (CalPERS) for General employees. The reserve will be funded in FY 2015 as a result of the approval of creation of the reserve in the 2014 LTFP.
6. Draw the remaining balance of the Vista Hermosa Sports Park (VHSP) Reserve to partially subsidize the net cost of operating the VHSP during the 1st Quarter of FY 2016, fully utilizing the VHSP Reserve.
7. Transfer \$160,000 from the General Fund unassigned fund balance to the Accrued Leave Reserve for FY 2016.
8. Authorize General Liability charges to City Funds in the amount of \$2.4 million as listed in Attachment "A" in the Reserve Analysis LTFP paper.

9. Retain the proceeds from the Bellota land sales to comply with the General Liability Fund's reserve policy and fund the payment of the retrospective liability.
10. Authorize the worker's compensation rates as listed in "Attachment A" in the Reserve Analysis LTFP paper.
11. Maintain contributions for the replacement of the City fleet vehicles and equipment to keep the reserve at an adequate level.
12. Transfer \$110,000 from the General Fund to the Capital Equipment Replacement Reserve for FY 2016 and maintain current contributions to fund the Capital Equipment Reserve.
13. Transfer \$50,000 from the General Fund to the Facilities Maintenance Reserve for FY 2016 and maintain current contributions to fund the Facilities Maintenance Reserve.
14. Transfer \$50,000 from the General Fund to the Park Asset Replacement Reserve for FY 2016 and maintain current contributions to fund the Park Asset Replacement Reserve.
15. Maintain annual depreciation fund charges and modify the asset model contributions to \$2.2 million charged to the Water Operating fund to achieve three years worth of future capital projects.

MOTION BY COUNCILMEMBER BROWN, SECOND BY COUNCILMEMBER DONCHAK, CARRIED 5-0, to take action as follows:

Fiscal Policy

1. Modify the City's Fiscal Policy to establish a restricted reserve in the Water Operating Fund equal to one year's debt service on the State Revolving Fund loan.

MOTION BY COUNCILMEMBER BROWN, SECOND BY MAYOR HAMM, CARRIED 5-0, to take action as follows:

Capital Projects Analysis

1. **USACE Sand Project** – Pursue grant funding from the California Department of Boating and Waterways for initial construction phase of the project. Fund City share of initial construction from the General Fund in FY 2017.
2. **Rail Corridor Pedestrian Beach Trail Extension** – Fund the Beach Trail extension from the General Fund with design in FY 2015 and construction in FY 2016. Pursue the Active

- Transportation Program grant to reduce the impact to the General Fund.
3. **Municipal Pier Rehabilitation** – Fund the pier rehabilitation from the General Fund with design in FY 2016 and construction in FY 2017. Develop a funding strategy in the Facilities Maintenance Reserve to provide for a five-year rehabilitation cycle for future pier maintenance.
 4. **City Facilities Rehabilitations** - Fund the facilities rehabilitations from the General Fund to maintain an adequate level of service and viable use of the facilities per the recommendations of the Public Works Maintenance Division. An exception to this action is that Council did not approve \$2.5 million for improvements to City Hall. Council desires to further contemplate the City Hall issue before moving forward.
 5. **Beaches, Parks and Recreation Master Plan** – Postpone the Beaches, Parks and Recreation Master Plan for 12 months.

MOTION BY COUNCILMEMBER BROWN, SECOND BY COUNCILMEMBER WARD, CARRIED 5-0, to take action as follows:

Information Technology Strategic Plan

1. Accept the 5-year Information Technology Strategic Plan and direct staff to bring the recommended Fiscal Year 2016 projects and initiatives forward through the budget process.

MOTION BY COUNCILMEMBER BROWN, SECOND BY MAYOR HAMM, CARRIED 5-0, to take action as follows:

Centennial General Plan-Strategic Implementation Priorities

1. Defer the Beaches, Parks and Recreation Master Plan for 12 months.
2. Direct the City Manager Department to research legislative options to mitigate any impacts to medical services in the City of San Clemente as part of Land Use Element IM 5, and investigate a proposed six year Information Technology Strategic Plan that will enhance e-government initiatives and improve business operations for Economic Development Element 16.
3. Direct the Community Development Department to continue the Zoning and Specific Plan updates (Land Use Element IMs 1, 6 -8, 13, 17, and 21, Beaches, Parks and Recreation Element IM 30, Mobility and Complete Streets Element 7 and 20, and Urban Design Element IMs 17, 21 and 22), Housing Element update

- (per Housing Element requirements) and Local Coastal Program (Coastal Element IMs 1 and 14). Staff is to return to Council with an in-depth analysis of a Local Coastal Program (including a comparison of the program's cost versus benefits). Council will further vet the program before moving forward.
4. Direct the Public Works Department to initiate multiple IMs that involve the following:
- Establishing standards to maintain attractive sidewalks and the beginning sidewalk and roadway maintenance projects required to accomplish the Mobility and Complete Streets Element. (Urban Design Element IM 10, Mobility and Complete Streets Element IMs 3-5, 15-17, 36, and 39-41)
 - Developing a Tree Ordinance, updating the tree inventory and adopting a tree maintenance plan. (Natural Resources Element IM 7 and Urban Design Element IMs 23, 25, 26 and 29)
 - Developing a utilities undergrounding plan and reviewing City Engineering standards for possible changes to public street lighting design. (Natural Resources Element IMs 8 and 26)
 - Enhancing public safety by studying the feasibility of obtaining generators, and planning to mitigate any potential defects, at critical City facilities. (Public Safety Element IMs 15 and 17)
 - Improving the efficiency of public facilities by completing water efficiency use surveys, expanding recycling for commercial customers, achieving at the least minimum construction and demolition waste diversion required, and transitioning traffic signal lights to LED technology. (Public Services, Facilities, and Utilities Element IMs 27, 35, 38, and 41)

4. **ORAL COMMUNICATIONS**

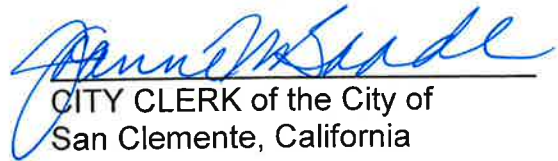
None.

5. **ADJOURNMENT**

There being no further business, MOTION BY COUNCILMEMBER BROWN, SECOND BY COUNCILMEMBER DONCHAK, CARRIED 5-0, to adjourn at 9:05 p.m. The next Regular Council Meeting will be held on March 17, 2015 in the Council Chambers, located at 100 Avenida Presidio, San Clemente, California. Closed Session items will be considered at 5:00 p.m. The General Session will commence at 6:00 p.m.



MAYOR of the City of
San Clemente, California



CITY CLERK of the City of
San Clemente, California