

CITY OF SAN CLEMENTE

City Council Minutes

Adjourned Regular City Council Meeting – February 25, 2016

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 February 25, 2016 at 4:05 p.m. in the Council Chambers, located at 100 Avenida Presidio, San Clemente, California, by Mayor Baker.

PRESENT BROWN*, DONCHAK, HAMM, WARD, MAYOR BAKER

*Left meeting at 7:46 p.m.

ABSENT NONE

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

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1. **SPECIAL PRESENTATION**

Budget Preparation Award from Government Finance Officers Association

Mayor Baker recognized Financial Services Officer Rahn and the City budget team for receiving a Budget Preparation Award from the Government Finance Officers Association (GFOA).

2. **NEW BUSINESS**

A. **FY 2016 2nd Quarter Report and Mid-Year Budget Adjustments**

Report from the Assistant City Manager concerning the FY 2016 2nd Quarter Report and mid-year budget adjustments.

Finance Manager Vincent narrated a PowerPoint presentation entitled "2nd Quarter Report and Mid-Year Overview" 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 2016 2nd Quarter Report.
2. Approve and authorize the mid-year adjustments listed in "Attachment A" of the Administrative Report, dated February 25, 2016, that is on file with the City Clerk.

3. **2016 Long Term Financial Plan (LTFP)**

Report from the Assistant City Manager concerning the 2016 Long Term Financial Plan.

David Hennings, member of the San Clemente Skate Park Coalition, explained that the mission of the Coalition is to improve the City's existing skate court and to enhance skating opportunities; requested to work with the City to locate City-owned sites where skate facilities could be constructed, noting that private donors are willing to help fund skate facilities if the City donates the land.

Assistant City Manager Sund stated that the request from the San Clemente Skate Park Coalition will be agendaized for the Beaches, Parks and Recreation Commission meeting of March 8, 2016.

Assistant City Manager Sund reviewed the "Introduction" and "Trends Analysis" portions of the PowerPoint presentation entitled "2016 Long Term Financial Plan" and responded to Council inquiries. A hard copy of the PowerPoint presentation is on file with the City Clerk.

Finance Manager Vincent continued the portion of the PowerPoint relating to "Financial Forecast" and responded to Council inquiries.

MEETING RECESSED

Council recessed at 6:10 p.m. and reconvened at 6:29 p.m., with all members present.

Financial Services Officer Rahn narrated the portion of the PowerPoint entitled "Reserve Analysis & Fiscal Policy" and responded to Council inquiries.

Principal Civil Engineer Knatz narrated the portion of the PowerPoint entitled "Capital Projects Analysis" and responded to Council inquiries.

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

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

1. Modify the Fiscal Policy to set the Emergency Reserve at a level of 20% of operating expenditures and direct Staff to return to Council if the proposed Emergency Reserve and Sustainability Reserve Policy changes would compromise the City's AAA bond rating status. Further, that Staff communicate with the California Joint Powers Insurance Authority to ensure that it does not have concerns with the subject action.
2. Reallocate the Sustainability Reserve to fund \$6,161,000 to the General Fund Emergency Reserve, \$794,000 to the Accrued Leave Reserve, and \$1.7 million to the Facilities Maintenance Reserve and to provide funds of \$1,345,000 for the payment of the Negocio Certificates of Participation.
3. Direct staff to analyze capital asset categories and identify assets funded for replacement in the Facilities Maintenance Reserve, the Capital Equipment Reserve, and the Park Asset Reserves.
4. Transfer \$380,000 from the General Fund to the Facilities Maintenance Reserve for FY 2017, and receive \$1.7 million of reserves from the Sustainability Reserve.
5. Transfer \$60,000 from the General Fund to the Park Asset Reserve for FY 2017.
6. Direct staff to pursue an additional one-time transfer of up to \$2.7 million from Water operating funds, if the City is not part of joint agency Baker Treatment Plant capital project.
7. Dissolve the Vista Hermosa Sports Park M & O Reserve.
8. Direct staff to eliminate the Pension Reserve by using existing funds to offset future pension costs for the CalPERS Marine Safety Lifeguard pension plan by

- making a one-time payment of \$500,000 to CalPERS to pay down a portion of the current unfunded liability.
9. Transfer \$180,000 from the General Fund to the Accrued Leave Reserve for FY 2017 and receive \$794,000 of reserves from the Sustainability Reserve.
 10. Retain land sale proceeds to comply with the General Liability reserve policy and to pay the retrospective liability, and refund any excess proceeds to the General Fund.

Fiscal Policy

MOTION BY COUNCILMEMBER DONCHAK, SECOND BY COUNCILMEMBER BROWN, CARRIED 5-0, to direct Staff to either confirm that the Emergency Reserve Policy changes will not affect the City's AAA bond rating, or recommend alternate Policy language that would not compromise the City's AAA bond rating.

MEETING RECESSED

Council recessed at 6:10 p.m. and reconvened at 6:29 p.m., with all members present.

Capital Projects Analysis

Principal Civil Engineer Knatz, together with Deputy Public Works Director Bonigut, continued the Capital Projects Analysis portion of the PowerPoint presentation and responded to Council inquiries.

Rail Corridor Pedestrian Beach Trail Extension

MOTION BY COUNCILMEMBER HAMM, SECOND BY COUNCILMEMBER BROWN, **FAILED 2-3** (COUNCILMEMBER DONCHAK, MAYOR PRO TEM WARD, AND MAYOR BAKER VOTING NOE), to defer the construction phase for the Rail Corridor Pedestrian Beach Trail Extension until a grant is secured. (*Note: By virtue of the failure of this motion, Staff is to no longer pursue the Beach Trail southern extension project.*)

USACE Sand Project

MOTION BY COUNCILMEMBER BROWN, SECOND BY COUNCILMEMBER DONCHAK, CARRIED 4-0-1 (MAYOR BAKER ABSTAINED BECAUSE HE LIVES IN CLOSE PROXIMITY TO THE PORTION OF THE SAND REPLENISHMENT PROJECT AT T STREET), to fund the USACE Sand Replenishment design phase in FY 2017 in an amount to be determined in future budget meetings.

Civic Center Relocation

Council directed Staff to agendize the Civic Center Relocation project for future consideration and to provide additional information as requested during the course of this meeting.

Municipal Pier Rehabilitation

MOTION BY COUNCILMEMBER BROWN, SECOND BY COUNCILMEMBER DONCHAK, CARRIED 5-0, to fund the Pier Rehabilitation construction in FY 2017 in the amount of \$1.2 million from the General Fund.

City Facilities Rehabilitations

MOTION BY COUNCILMEMBER BROWN, SECOND BY COUNCILMEMBER DONCHAK, CARRIED 5-0, to develop an overall analysis and funding strategy for the Facilities Maintenance Reserve to identify facility assets and a funding strategy for maintaining and replacing those assets, including a five-year rehabilitation cycle for future pier maintenance and rehabilitation.

City Infrastructure

MOTION BY COUNCILMEMBER BROWN, SECOND BY COUNCILMEMBER DONCHAK, CARRIED 5-0, to identify infrastructure assets and the reserve resources needed to maintain and/or replace those assets based on a comprehensive asset management plan that will be developed through the use and optimization of the CMMS.

**Councilmember Brown left the meeting at 7:46 p.m.*

Information Technology Strategic Plan Update

Information Technology Manager Brower reviewed the portion of the PowerPoint relating to the "Information Technology Strategic Plan – 2016 Update" and responded to Council inquiries.

MOTION BY COUNCILMEMBER DONCHAK, SECOND BY COUNCILMEMBER HAMM, CARRIED 4-0 (COUNCILMEMBER BROWN ABSENT), to accept the Information Technology Strategic Plan Update and direct staff to bring the recommended Fiscal Year 2017 projects and initiatives forward through the budget process.

Centennial General Plan – Strategic Implementation Program

City Planner Pechous reviewed the portion of the PowerPoint relating to the “Centennial General Plan Strategic Implementation Program” and responded to Council inquiries.

MOTION BY COUNCILMEMBER HAMM, SECOND BY MAYOR PRO TEM WARD, CARRIED 4-0 (COUNCILMEMBER BROWN ABSENT), to:

1. Direct the Beaches, Parks and Recreation Department to initiate the development of the Beaches Parks and Recreation Master Plan related IM's 6, 7, 10, and 51 from the Beaches, Parks and Recreation Element.
2. Direct the City Manager Department to continue implementation of IM's 5, 5b, 16, 33, and 39, and to evaluate the feasibility of implementing IM's 7 and 8.
3. Direct the Community Development Department to continue the Zoning Ordinance and Specific Plan updates (Land Use Element IMs 1, 6-8, 13, and 17, Mobility and Complete Streets Element 7 and 20, and Urban Design Element IMs 17, 21 and 22), certification of the Housing Element (Housing Element Action Plan), and certification of the Local Coastal Program (Coastal Element IMs 1 and 14). Also direct this department to provide grants for affordable health services, drug prevention, and enhanced educational opportunities for the City's residents through Housing and Social Services and various partner organizations. Further, direct this department to initiate IMs related to Dark Skies (Natural Resources Element 20 and 21), and the wayfinding program (Coastal Element 6). Lastly, direct that Land Use Implementation Measure 15 (which relates to possibly establishing an historic district to ensure new and remodeled buildings are architecturally compatible with the area's Spanish Colonial Revival character, provide historic preservation incentives, and enforce historic preservation measures in the Zoning Ordinance) be redesignated from Low Priority to Medium Priority.
4. Direct the Public Works Department to:
 - Continue work to implement the Mobility and Complete Streets Element IMs 3-5, 15-17, 36, and 39-41);
 - Continue work to complete the tree inventory (Urban Design Element IM 26);
 - Review City Engineering standards for possible changes to public street lighting design (Natural Resources

Element IM 26) when the Community Development Department establishes outdoor lighting standards noted above;

- Study the feasibility of obtaining generators for City facilities that do not have them (Safety Element IM 17); and
- Improve the efficiency of public facilities by completing water efficiency use surveys and continuing recycling for commercial customers and achieving at least 75% diversion of construction and demolition waste (Public Services, Facilities, and Utilities Element IMs 27, 35, and 38).

Transient Occupancy Tax

Assistant City Manager Sund reviewed Staff's analysis of the Transient Occupancy Tax issue and responded to Council inquiries.

MOTION BY COUNCILMEMBER HAMM, SECOND BY MAYOR PRO TEM WARD, CARRIED 4-0 (COUNCILMEMBER BROWN ABSENT), to:

1. Direct staff to work with the City Attorney to draft a ballot question and text for a measure to increase TOT by 3% or 4%.
2. Direct staff to include a new limited-term position to oversee revenue enforcement and collections, to be brought forward through the budget process for FY 2017.

4. Oral Communications

Poche Beach/Watershed Activities

Al Cullen, San Clemente, requested to be informed about the justification for allocating \$351,640 from the Clean Ocean Fund for Poche Beach/Watershed Activities (which include reconfiguring the bioswale running through the Shorecliffs Golf Course).

Council requested that Deputy Public Works Director Bonigut respond to Mr. Cullen and that Council receive information about the response provided.

5. **Adjournment**

MOTION BY COUNCILMEMBER DONCHAK, SECOND BY MAYOR PRO TEM WARD, CARRIED 4-0 (COUNCILMEMBER BROWN ABSENT), to adjourn at 8:20 p.m.

The next Regular Council Meeting will be held on March 1, 2016 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.


CITY CLERK of the City of
San Clemente, California

MAYOR of the City of
San Clemente, California