

CITY OF SAN CLEMENTE

Joint City Council/Redevelopment Agency Board of Directors Minutes

February 20, 1999

A Joint City Council/Redevelopment Agency Board of Directors Meeting was called to order on February 20, 1999 at 8:30 a.m. in the Council Chambers, located at 100 Avenida Presidio, San Clemente, California.

PRESENT DAHL, DIEHL, EGGLESTON, RITSCHEL,
MAYOR/CHAIRPERSON BERG

ABSENT NONE

STAFF PRESENT Mike Parness, City Manager/Executive Director; Jeff Oderman, City Attorney/Agency Counsel; Myrna Erway, City Clerk/Secretary.

1. **LONG-TERM FINANCIAL PLAN**

City Manager Parness reviewed the purpose of the Long-Term Financial Planning process, noting that this is the 7th year that the City has utilized this effort.

A. **Computer Strategic Plan Update**

Information Services Manager Moore narrated a powerpoint presentation entitled "Computer Strategic Plan." A hard copy of the subject presentation is on file with the City Clerk.

MOTION BY COUNCILMEMBER DIEHL, SECOND BY COUNCILMEMBER DAHL, CARRIED 5-0, to:

1. Adopt the recommended Computer Strategic Plan in concept.
2. Direct Staff to review the Eden System permitting software and to return with a request to upgrade the permitting software if necessary.
3. Direct Staff to return with a proposal from Cox Communications for Internet access and a plan to implement Internet within business operations.

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4. Approve, in concept, the acquisition of laptop computers at the present time and direct Staff to return to Council with a specific report and costs so that Council can consider authorizing Staff to proceed with the purchase of the equipment.

MEETING RECESSED

Council/RDA Board of Directors recessed at 9:30 a.m. and reconvened at 9:40 a.m., with all members present.

2. **CLOSED SESSION**

MOTION BY COUNCILMEMBER/DIRECTOR DIEHL, SECOND BY MAYOR PRO TEM/DIRECTOR RITSCHER, CARRIED 5-0, to recess to Closed Session at 9:40 a.m. to discuss the following:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to GC Section 54956.9(b): One Potential Case.

The City Manager/Executive Director, City Attorney/Agency Counsel, Director of Finance and Administrative Services, Public Works/Economic Development Director, Community Development Director and City Clerk/Agency Secretary were in attendance.

MEETING RECONVENED

The City Council/RDA Board of Directors reconvened at 10:55 a.m., with all members present.

B. Financial Trends

Controller McKay narrated a powerpoint presentation entitled "Financial Trends". A hard copy of the subject presentation is on file with the City Clerk.

Council requested to be provided with a breakdown of full-time employees versus contract employees at the Adjourned Regular Meeting of February 24, 1999.

C. Financial Forecast

Budget Officer Johnson-Elston narrated a powerpoint presentation entitled "Financial Forecast." A hard copy of the subject presentation is on file with the City Clerk.

D. Reserve Analysis

Controller McKay narrated a powerpoint presentation entitled "Reserve Analysis." A hard copy of the subject presentation is on file with the City Clerk.

MOTION BY COUNCILMEMBER DIEHL, SECOND BY COUNCILMEMBER DAHL, CARRIED 5-0, to:

1. Budget \$50,000 in FY 1999-00 for the General Fund emergency reserve. If approved, the emergency reserve will amount to \$1,119,640 or 5% of General Fund operating expenditures for FY 1999-00.
2. Set aside \$200,000 in the FY 1999-00 General Fund budget to fund the Council Contingency Reserve.
3. Revise the City's fiscal policy to read, "...The level of the Council Contingency Reserve will be established as needed but will not be less than 1% of General Fund operating expenditures annually."

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4. Maintain the reserve in the General Liability Fund at three times the self insurance retention (\$300,000), and an additional \$350,000 (the average of the previous five years of claims costs not covered by the insurance pool).
5. Annually average past expenditures from the Accrued Leave Reserve Fund and base the annual transfer from the General Fund on this average, along with projections of upcoming terminations and retirements. Approve a transfer from the General Fund to the Accrued Leave Reserve Fund for FY 1999-00 in the amount of \$75,000.
6. Continue funding the Capital Equipment Replacement Reserve Fund at \$100,000 annually for the next two years from the General Fund.

E. Deposit Account Analysis

Controller McKay narrated a powerpoint presentation entitled "Deposit Account Analysis." A hard copy of the subject presentation is on file with the City Clerk.

MOTION BY COUNCILMEMBER DIEHL, SECOND BY MAYOR PRO TEM RITSCHER, CARRIED 5-0, to:

- 1) Direct that deposit accounts be handled as summarized below:

Retain monies in deposit (liability) accounts until services completed by City	\$558,980
Refund deposit monies	\$115,750
Conduct further research on receipts/services provided	\$ 99,420
Transfer monies from deposit (liability) accounts to City revenue accounts for services provided	\$142,940
Total of deposit accounts	\$917,090

- 2) Direct that the Project Tracking Committee continue their work with finalizing a decision on a centralized accounting and tracking system for deposits and projects along with their related receipts and disbursements. Oversight responsibility for this tracking program is to be maintained in the Finance & Administrative Services Department/Accounting Division.

F. Insurance Pool Analysis

Human Resources/Risk Manager Payne narrated a powerpoint presentation entitled "Insurance Pool Analysis"; introduced Sharon Nash, from Robert F. Driver Company, who was available to respond to Council inquiries. A hard copy of the subject presentation is on file with the City Clerk.

MOTION BY COUNCILMEMBER DIEHL, SECOND BY COUNCILMEMBER DAHL, CARRIED 5-0, to:

1. Direct that the City remain in the Orange County Cities Risk Management Authority (OCCRMA).
2. Direct Staff to return in two years to address the series of issues identified in Volume II of the financial plan document.

G. Street Improvement Program Update

Public Works/Economic Development Director Lund narrated a powerpoint presentation entitled "Street Improvement Program." A hard copy of the subject presentation is on file with the City Clerk.

MOTION BY COUNCILMEMBER DIEHL, SECOND BY COUNCILMEMBER EGGLESTON, CARRIED 5-0, to:

1. Approve and authorize the allocation of a General Fund contribution of \$515,000 for the 1999-00 fiscal year.
2. Confirm the City Council's continuing commitment to the fiscal policy requiring General Fund contributions to the program as resources become available.
3. Direct Staff to accelerate street projects in the program in accordance to the availability of funds and the proximity of other street projects.
4. Direct Staff to re-establish the Major Street Maintenance Program with an annual funding of \$400,000 for the next five (5) years, to provide thin overlays (major maintenance) for streets that are either not scheduled for improvement/rehabilitation or are not scheduled for several years.

MEETING RECESSED

Council recessed at 12:05 p.m. and reconvened at 12:15 p.m., with all members present.

H. Utility Operations Analysis

Utilities Manager Bressan narrated a powerpoint presentation entitled "Utility Operations Analysis." A hard copy of the subject presentation is on file with the City Clerk.

Following a lengthy discussion, MOTION BY COUNCILMEMBER DIEHL to:

1. Direct Staff to review the current distribution of fixed and variable expenses and develop a rate structure which automatically passes through these costs.
2. Direct Staff to prepare an ordinance, no later than April 21, 1999, to adopt a 7.5% increase in the water rate structure effective for all water sold in the first billing period after the 1999-00 fiscal year.

THE MOTION DIED FOR LACK OF A SECOND.

MOTION BY COUNCILMEMBER DAHL, SECOND BY COUNCILMEMBER DIEHL, CARRIED 3-2 (COUNCILMEMBER EGGLESTON AND MAYOR BERG VOTING NOE), to:

1. Direct Staff to review the current distribution of fixed and variable expenses and develop a rate structure which automatically passes through these costs. The concept of automatic pass-throughs will be considered by Council at a future date.
2. Direct Staff to prepare an ordinance, no later than April 21, 1999, to adopt a 7.5% increase in the water rate structure effective for all water sold in the first billing period after the 1999-00 fiscal year.

Council will review the water rate issue in one year and consider decreasing the charges if the City is in a favorable position.

MEETING RECESSED

Council/RDA Board of Directors recessed at 1:20 p.m. and reconvened at 1:25 p.m., with all members present.

I. Development and Growth Issues

Community Development Director Holloway narrated a powerpoint presentation entitled "Growth and Development." A hard copy of the subject presentation is on file with the City Clerk.

MOTION BY COUNCILMEMBER DIEHL, SECOND BY COUNCILMEMBER DAHL, CARRIED 5-0, to:

1. Direct Staff to ensure that the overall balance of land uses that are anticipated in the General Fund are implemented.
2. Direct Staff to ensure that fiscal balance will be achieved at build-out.
3. Direct Staff to phase the construction of major new facilities and ensure that operational and maintenance costs are balanced with on-going revenue to support the facilities.
4. Direct Staff to budget resources to properly administer the growth and development that will occur over the next 10 years.
5. Direct Staff to incorporate the following policy statements into the City's Fiscal Policy:
 - a) That the City will annually identify developer fees and permit charges received from "non-recurring" services performed in the processing of new development. Revenue from these sources will be used to meet peak workload requirements.
 - b) That capital improvements will be financed primarily through user fees, service charges or developer agreements when benefits can be specifically attributed to users of the facility. The City will analyze the impact of capital improvements to ensure that operational and maintenance costs are balanced with on-going revenue to support the facilities.

J. Capital Facilities Plan

Community Development Director Holloway narrated a powerpoint presentation entitled "Master Plan for City Facilities." A hard copy of the subject presentation is on file with the City Clerk.

MOTION BY COUNCILMEMBER DIEHL, SECOND BY COUNCILMEMBER DAHL, CARRIED 5-0, to:

1. Direct Staff to issue a Request for Proposals so as to solicit proposals from qualified teams to analyze and make recommendations on a Capital Facilities Plan. (Cost: \$60,000-\$100,000)
2. Direct Staff to structure development of a master plan for City facilities in a two-phased process. Phase I of the City Master Plan process will be analytical. Phase II will involve a community input process.

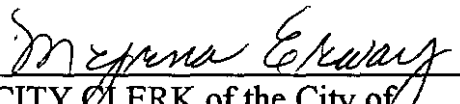
3. **PUBLIC INPUT**

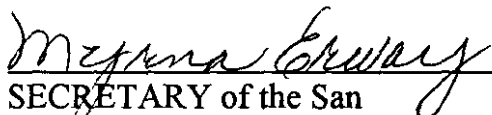
None.


4. ADJOURNMENT

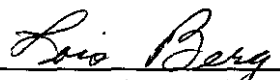
MOTION BY COUNCILMEMBER DIEHL, SECOND BY MAYOR PRO TEM RITSCHER, CARRIED 5-0, to adjourn the City Council to an Adjourned Regular Council Meeting to be held on Wednesday, February 24, 1999 at 6:00 p.m. at the Community Development Department, Conference Room A, 910 Calle Negocio, San Clemente, for the purpose of considering the City's Vital Few Priorities.

MOTION BY DIRECTOR DIEHL, SECOND BY DIRECTOR RITSCHER, CARRIED 5-0, to adjourn the Redevelopment Agency Board of Directors to an Adjourned Regular Redevelopment Agency Meeting to be held on Wednesday, February 24, 1999 at 6:00 p.m. at the Community Development Department, Conference Room A, 910 Calle Negocio, San Clemente, for the purpose of considering the City's Vital Few Priorities.


CITY CLERK of the City of
San Clemente, California


SECRETARY of the San
Clemente Redevelopment Agency


MAYOR of the City of
San Clemente, California


CHAIRPERSON of the San
Clemente Redevelopment Agency

CITY OF SAN CLEMENTE
AFFIDAVIT OF POSTING ORDER
OF ADJOURNMENT OF MEETING

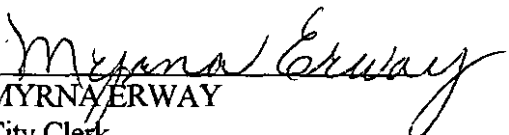
STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS.
CITY OF SAN CLEMENTE)

I, MYRNA ERWAY, declare as follows:

That I am the City Clerk of the City of San Clemente; that at an Adjourned Regular Meeting of the San Clemente City Council held on February 20, 1999, said meeting was adjourned to the time and place specified in the Notice of Adjournment attached hereto; and that on February 20, 1999, at the hour of 2:40 p.m., a copy of said order was posted at a conspicuous place near the door at which said meeting was held.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 20, 1999 at San Clemente, California.


MYRNA ERWAY
City Clerk

