

CITY OF SAN CLEMENTE

City Council Minutes

Adjourned Regular City Council Meeting – February 25, 2014

An Adjourned Regular Meeting of the San Clemente City Council was called to order on February 25, 2014 at 4:08 p.m. in the Ole Hanson Room of the Community Center, located at 100 N. Seville, San Clemente, California, by Mayor Brown.

PRESENT BAKER, DONCHAK, EVERT, HAMM, MAYOR BROWN

ABSENT NONE

STAFF PRESENT Pall Gudgeirsson, City Manager; Erik Sund, Assistant City Manager;
Joanne Baade, City Clerk.

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Pledge of Allegiance

Mayor Brown led the Pledge of Allegiance.

1. **Strategic Priority Update (Part 1)**

Report from the City Manager concerning the FY 2014 strategic priorities.

City Manager Gudgeirsson narrated a PowerPoint presentation entitled "Strategic Priorities Update" and responded to Council inquiries; requested that Council defer reconfirming and/or updating the FY 2014 strategic priority projects until the conclusion of the Long Term Financial Plan discussions. Please refer to Page 11 of these minutes for a continuation of this agenda item. A hard copy of Mr. Gudgeirsson's presentation, dated February 25, 2014, is on file with the City Clerk.

2. **2014 Long Term Financial Plan (LTFP)**

Report from the Assistant City Manager concerning the 2014 Long Term Financial Plan.

City Manager Gudgeirsson provided introductory comments on the 2014 Long Term Financial Plan.

Assistant City Manager Sund narrated a PowerPoint presentation entitled “2014 Long Term Financial Plan”. A hard copy of Mr. Sund’s presentation, dated February 25, 2014, is on file with the City Clerk.

Finance Manager Vincent continued the PowerPoint presentation by reviewing the Financial Forecast section and responded to Council inquiries.

Assistant City Manager Sund reviewed the portion of the PowerPoint relating to the Reserve Analysis.

Individual Councilmember(s) expressed opinions as follows. The below statements do not necessarily reflect Council consensus:

- It is concerning that cost increases for police and fire services are outpacing the cost of living, and are occurring before economic conditions fully recover.
- Acquiring/maintaining real property could be a good investment for the City’s future.

Reserve Analysis

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

1. Maintain the General Fund Emergency Reserve at a level of 9% of operating expenditures.
2. Maintain the Sustainability Fund Balance Reserve at \$10 million.
3. Maintain the Enterprise funds emergency reserve level at 12% of operating expenses.
4. Transfer from the Vista Hermosa Sports Park (VHSP) Reserve an amount to subsidize the net cost of operating the VHSP during FY 2015, estimated at \$990,000.
5. Transfer \$130,000 from the General Fund unassigned fund balance to the Accrued Leave Reserve for FY 2014 (\$110,000 was the FY 2014 transfer).
6. Authorize the General Liability Self-Insurance Fund to charge funds in the amount of \$2.05 million based on anticipated premiums and operating costs of each fund (see Attachment “A” in the Reserve Paper for the fund charges).
7. Retain \$1.6 million of the proceeds from the future Bellota land sale to comply with the General Liability Fund’s reserve policy.

8. Increase the existing workers' compensation rates by approximately 5% to maintain reserves at an adequate level (see Attachment "A" in the Reserve Paper for detail on the increase).
9. Maintain contributions for the replacement of the City fleet vehicles and equipment to keep the reserve at an adequate level.
10. Transfer \$100,000 from the General Fund to the Capital Equipment Replacement Reserve for FY 2015 and maintain current contributions for the replacement of capital equipment to keep the reserve at an adequate level.
11. Maintain current contributions for facilities maintenance costs to keep the reserve at an adequate level.
12. Transfer \$40,000 from the General Fund to the Park Asset Replacement Reserve for FY 2015 and contribute annual amounts for the replacement of park assets.
13. Maintain annual depreciation fund charges and asset model contributions to the Water Operating fund to achieve three years worth of future capital projects.
14. Maintain annual depreciation fund charges that will be charged to the Sewer Operating fund to maintain three years worth of future capital projects.
15. Maintain annual depreciation fund charges and contribution to the Storm Drain Depreciation Reserve to achieve funding for three years worth of future capital projects.
16. Maintain depreciation contributions to the reserve to keep the Golf Course Depreciation reserve at an adequate level.
17. Maintain depreciation contributions to the reserve to keep the Golf Course Capital Improvement reserve at an adequate level.

Fiscal Policy

MOTION BY COUNCILMEMBER DONCHAK, SECOND BY COUNCILMEMBER EVERT, CARRIED 5-0, to approve the following:

1. Revenue Policies: Add a new policy to restrict the commitment of on-going General Fund revenues to any specific recurring expenditure or program.
2. Risk Financing Policies: Add a new policy section in the Fiscal Policy to define the City's Risk Financing strategy.

Civic Center Evaluation

Building Official Jorgensen narrated a PowerPoint presentation entitled “Civic Center Evaluation” and responded to Council inquiries. A hard copy of Mr. Jorgensen’s presentation is on file with the City Clerk.

Individual Councilmember(s) expressed opinions as follows. The below statements do not necessarily reflect Council consensus:

- Staff should evaluate the cost associated with demolishing and rebuilding a replacement structure at 100 Avenida Presidio (similar size to the existing facility) versus the cost of remodeling the existing building.
- Consideration should be given to alternative civic center space planning options. Concepts should be driven by needs identified by staff, as opposed to a consultant, with consideration of staff function needs and the needs of the City’s customers.

MOTION BY COUNCILMEMBER BAKER, SECOND BY COUNCILMEMBER DONCHAK, CARRIED 5-0, to take action as follows: 1) Direct that a desk-top appraisal be conducted to determine the value of the current City Hall site, with consideration being given to known geologic issues, 2) Direct that a report be prepared, with City Staff input, relative to the prudence or lack of prudence associated with relocating City Hall to a centralized facility, and 3) Direct Staff to evaluate operational and functional needs of Police Services and identify possible locations (including existing location) to service future needs.

Capital Projects Analysis

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

Individual Councilmember(s) expressed opinions as follows. The below statement does not necessarily reflect Council consensus:

- The parking situation at the Boys and Girls Club should be evaluated in conjunction with the rehabilitation of Bonito Canyon Park.

MOTION BY COUNCILMEMBER EVERT, SECOND BY MAYOR PRO TEM HAMM, CARRIED 5-0, to approve the following:

1. **Beach Restroom Master Plan** – Fund the restroom improvements on a “pay-as-you-go” basis from the General Fund. Combine the design phase of the Boca del Canon and T-Street restroom to accelerate restroom improvements based on availability of funds.
2. **Steed Park Lighting Improvements** – Fund the lighting improvements from the General Fund. Program the project in the 6-year capital outlay based on the parks project priority ranking established as part of the Parks Master Plan proposed as part of the FY 2015 CIP budget.
3. **Bonito Canyon Park Rehabilitation** – Fund the park rehabilitation from the General Fund. Program the project in the 6-year capital outlay based on the parks project priority ranking established as part of the Parks Master Plan proposed as part of the FY 2015 CIP budget.
4. **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.
5. **ADA Improvements** – Fund ADA improvements on an annual basis from the General Fund. Attain ADA compliance of City facilities during major rehabilitation projects.
6. **Ole Hanson Beach Club** – No gap closing required, the project is fully funded.
7. **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 2016.
8. **Municipal Pier Rehabilitation** – Fund the pier rehabilitation from the General Fund with design in FY 2016 and construction in FY 2017. Establish a Pier Reserve Fund to ensure funding availability needed for major maintenance on a 5-year basis with proceeds from Bellota sale.

9. **Reservoir No. 1 Expansion** – Fund the reservoir expansion from the Water Depreciation and Water Acreage Fee funds in FY 2016.
10. **Doheny Ocean Desalination** – Pilot plant and study is fully funded. Results of completed study will be used as a basis to determine construction costs and whether City continues participation in the project.
11. **Highland Light Ductile Iron Pipeline Replacements** – Fund the pipe replacements from the Water Depreciation Fund in FY 2016.

MEETING RECESSED

Council recessed at 6:20 p.m. and reconvened at 6:30 p.m., with all members present.

Retirement Systems Analysis

Finance Manager Vincent narrated a PowerPoint presentation entitled “Retirement System Analysis” and responded to Council inquiries. A hard copy of Ms. Vincent’s presentation is on file with the City Clerk.

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

1. That the City create a reserve fund and set aside \$500,000, proportionally paid from the fund balances across all City Funds that have personnel costs, which could be used to address large pension rate increases that could occur in a given year, essentially providing a means of “rate stabilization.”
2. That the City make arrangements with CalPERS to pay off the remaining side fund balance of approximately \$224,000 for active employees in the Safety Lifeguard Plan of the City of San Clemente.

Other Post-Employment Benefits (OPEB) Analysis

Finance Manager Vincent narrated a PowerPoint presentation entitled "Other Post Employment Benefits (OPEB)" and responded to Council inquiries. A hard copy of Ms. Vincent's presentation is on file with the City Clerk.

MOTION BY COUNCILMEMBER DONCHAK, SECOND BY MAYOR PRO TEM HAMM, CARRIED 5-0, to direct Staff to establish an irrevocable OPEB trust with a third party agency that would offer the most cost-effective solution, using \$600,000 currently set aside as seed money, and providing for the City to make required ARC payments into the trust and to pay related retiree benefit costs from the trust on a go-forward basis.

Council requested to be informed about the exit strategy that will be implemented when the irrevocable trust is established.

Insurance Coverage Alternatives

Human Resources Analyst II Thordahl narrated a PowerPoint presentation, entitled "Insurance Coverage Alternatives" and responded to Council inquiries. A hard copy of Ms. Thordahl's PowerPoint is on file with the City Clerk.

Individual Councilmember(s) expressed opinions as follows. The below statements do not necessarily reflect Council consensus:

- Staff should obtain information on state-of-the-art geologic standards inasmuch as the City has not looked at the issue since 1993.
- The City should develop a plan to educate citizens on geologic best practices (e.g., not overwatering slopes). This information may be appropriate for placement on the City's new website.

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

1. Affirm the Bickmore report recommendation to continue as a member with CJPIA for liability protection.
2. Direct Staff to rescind the provisional notice of intent to withdraw provided to the CJPIA for the coverage period beginning July 1, 2014.
3. Direct Staff to further evaluate CJPIA as an option for Workers' Compensation coverage.

Marblehead Coastal Parks and Trails

Beaches and Parks Maintenance Manager Reed narrated a PowerPoint presentation entitled “Marblehead Coastal Parks, Medians & Trails” and responded to Council inquiries.

Individual Councilmember(s) expressed opinions as follows. The below statement does not necessarily reflect Council consensus:

- It would be desirable for the Marblehead Coastal Community Facilities District (CFD) to provide funding to maintain the Marblehead Coastal parks and trails (possibly for 1, 3 or 5 years).

MOTION BY COUNCILMEMBER BAKER, SECOND BY COUNCILMEMBER DONCHAK, CARRIED 5-0, to direct that facilities be added to existing contracts as they are constructed, and once the entire system is completed, that the maintenance of all Marblehead Coastal parks and trails be bid as one contract. Staff is to continue to monitor all related costs as completion of the parks and trails occur. As appropriate, Staff is to provide decision packages if additional budget is required.

Sand Replenishment

Marine Safety Chief Humphreys narrated a PowerPoint presentation entitled “Sand Replenishment” and responded to Council inquiries. A hard copy of Mr. Humphreys’ presentation is on file with the City Clerk.

Individual Councilmember(s) expressed opinions as follows. The below statements do not necessarily reflect Council consensus:

- It may be appropriate for the City to consider placing a measure on the ballot to ask voters if they wish to tax themselves for sand replenishment, provided that 1) the project is approved by the necessary agencies, 2) the other agencies participate, and 3) the first sand project is successful. An opposing viewpoint was expressed that the beaches are used by many non-City residents and, as such, it would be unfair to tax San Clemente citizens to replenish lost sand.

MOTION BY COUNCILMEMBER BAKER, SECOND BY COUNCILMEMBER EVERT, CARRIED 5-0, to prioritize the restoration of the beaches in San Clemente and develop a comprehensive long-term strategy to address sand loss. Further, to review existing and future replenishment projects, investigate partnerships with other agencies for a regionalized approach, and actively locate and pursue funding opportunities.

800 MHz System

Finance Manager Vincent narrated a PowerPoint presentation entitled “800 MHz System” and responded to Council inquiries. A hard copy of Ms. Vincent’s presentation is on file with the City Clerk.

Council requested that a representative from the Orange County Sheriff’s Department give a presentation at a future Council meeting on the Countywide Coordinated Communications System.

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

1. Include a total of approximately \$437,000 in the Capital Improvement Program budget over the next four fiscal years, based on the proposed payment schedule provided by OCSD, to fund the backbone costs of the 800 MHZ upgrade from the Public Safety Construction Fund.
2. Include a total of approximately \$616,000 in FY 2017 Capital Improvement Program Budget to fund the cost of replacing and/or upgrading applicable public safety radio communications equipment from the General Fund’s unassigned Fund Balance.
3. Direct Lt. Coppock to review whether or not each individual Deputy should be assigned a radio and to further ascertain whether they are being purchased at the appropriate price.

Marine Safety and Beach Maintenance Building Relocation Study

Marine Safety Chief Humphreys narrated a PowerPoint presentation entitled “Marine Safety and Beach Maintenance Building Relocation Study” and responded to Council inquiries. A hard copy of Mr. Humphreys’ presentation is on file with the City Clerk.

Council directed that Staff from Marine Safety and Engineering assess possible locations for the Marine Safety and Beach Maintenance building and inform Council of the sites (e.g., one or two) that have the greatest potential. After Council receives Staff’s report, it may authorize funds to retain an expert to further assess the identified sites in terms of geologic conditions, building costs, etc.

General Plan

City Planner Pechous narrated a PowerPoint presentation entitled “General Plan Implementation”. A hard copy of Mr. Pechous’ presentation is on file with the City Clerk.

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

1. Confirm the first phase of Implementation Measures for the General Plan and integration of the SIP into the annual LTFP/Budget process as outlined. The first phase will consist of:
 1. Five-Year Strategic Implementation Plan
 2. Update of the Zoning Ordinance
 3. Update of Specific Plans
 4. Coastal Commission certification of the Local Coastal Program
 5. Update of the Housing Element

County Library Analysis

Assistant City Manager Sund narrated a PowerPoint presentation entitled "County Library Analysis". A hard copy of Mr. Sund's presentation is on file with the City Clerk.

Following discussion, MOTION BY COUNCILMEMBER DONCHAK, SECOND BY COUNCILMEMBER EVERT, CARRIED 5-0, to direct Staff to provide direction on the process to withdraw from the County Library system. Staff is to remain cognizant of the fact that January 1 is the deadline to provide the Board of Supervisors with an intent to withdraw from the County system.

Strategic Priority Update (Continued from Earlier in the Meeting)

Please refer to Page 1 of these minutes for a summarization of the first portion of this agenda item.

Council determined that the current Strategic Priorities are satisfactory at this time. It was noted, however, that Council may direct changes during its consideration of the FY 2015 City budget.

In response to Council inquiry, Assistant City Engineer Bonigut noted that he is conducting an LED street light conversion analysis.

3. **Oral Communications**

None.

4. **Adjournment**

MOTION BY MAYOR BROWN, SECOND BY MAYOR PRO TEM HAMM, CARRIED 5-0, to adjourn at 9:02 p.m.

The next Regular Council Meeting will be held on March 4, 2014 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

