

CITY OF SAN CLEMENTE

Joint City Council/Redevelopment Agency Minutes

Adjourned Regular Meeting - March 9, 2005

A Joint Meeting of the San Clemente City Council and Redevelopment Agency was called to order on March 9, 2005 at 6:05 p.m. in the Council Chambers, located at 100 Avenida Presidio, San Clemente, California.

**COUNCIL MEMBERS
PRESENT**

DAHL, DOREY, EGGLESTON, RITSCHER,
MAYOR ANDERSON

**COUNCIL MEMBERS
ABSENT**

NONE

**REDEVELOPMENT AGENCY
DIRECTORS PRESENT**

DAHL, DOREY, EGGLESTON, RITSCHER,
CHAIRPERSON ANDERSON

**REDEVELOPMENT AGENCY
DIRECTORS ABSENT**

NONE

STAFF PRESENT

George Scarborough, City Manager; Pall Gudgeirsson,
Assistant City Manager/City Treasurer; Myrna Erway, City
Clerk.

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LONG TERM FINANCIAL PLAN

City Manager Scarborough advised that the purpose of this evening's meeting is to consider the financial tools contained within the Long Term Financial Plan (LTFP) that was presented to Council on March 1, 2005; pointed out that implementation of the LTFP recommendations will help ensure that the City experiences a stable financial future; recognized staff members responsible for preparation of the LTFP.

Assistant City Manager/City Treasurer Gudgeirsson narrated the opening portion of a powerpoint presentation entitled "2005 Long Term Financial Plan Executive Summary". A hard copy of this presentation, dated March 9, 2005, is on file with the City Clerk.

Accounting Supervisor Rahn continued the powerpoint presentation by reviewing the segment entitled "Financial Trend Analysis".

Purchasing/Budget Officer Elston narrated the portion of the powerpoint presentation entitled "Financial Forecast".

Discussion ensued relative to the logic of the Golf Operating Fund contributing \$425,000 annually to the General Fund given the financial condition of the Golf Operating Fund. It was noted that Staff is recommending that the City approve a \$370,000 loan from the General Fund to the Golf Operating Fund, which is comparable to the \$425,000 figure that the Golf Operating Fund contributes to the General Fund. It was agreed that Staff will prepare an issue paper that identifies the long-term implications associated with the \$425,000 transfer from the Golf Operating Fund to the General Fund. Council directed that the issue of the General Fund loaning \$370,000 to the Golf Operating Fund be postponed and considered in conjunction with the proposed FY 2005-06 City budget.

Community Development Director Holloway narrated the portion of the powerpoint presentation entitled "Fiscal Impact Model Update".

Director of Beaches, Parks and Recreation King and Senior Park Planner Beck narrated the portion of the powerpoint presentation entitled "Master Plan for City Facilities".

City Manager Scarborough stated that Staff will notify the Council and others in the community when the San Gorgonio Park improvement plans are submitted to the Coastal Commission.

MOTION BY MAYOR PRO TEM EGGLESTON, SECOND BY COUNCILMEMBER DAHL, CARRIED 5-0, to:

- A. Continue to analyze long-term costs of service, including contract Fire and Police Services, as well as contract Park Maintenance services, and strategize options for bringing the long-term budget into balance.
- B. Continue consideration for revenue-generating uses for the La Pata/Vista Hermosa site that help address long-term budget concerns. Options for disposition of land in the "development area" of the La Pata/Vista Hermosa site should look first to balance land lease revenue with operations and maintenance increases created by each phase; only then consider the selling of land to make up the shortfall of capital costs of park construction.
- C. Recognizing the critical need for additional community recreational facilities, direct Staff to proceed with the planning and design of mandated park projects in the MPCF. Delay construction of some facilities within the MPCF until sustainable revenue is ensured and verifiable that can be used for operations and maintenance of those facilities.
 - 1. Continue planning/design/construction of the following: Talega parks and trails, Marblehead Coastal parks and trails, La Pata/Vista Hermosa Community Park - Phase I, and Senior Center.
 - 2. Continue study until O&M/capital sources are verified for the following: Steed roller hockey phase, Ave. La Pata Streetscape extension (to City border), and Joint Use of CUSD school sites where City maintenance funds are required.
 - 3. Any projects proposed by Staff to be placed on indefinite hold until O&M/capital costs sources are found are to be submitted to Council for consideration.
- D. Direct Staff to annually review the General Fund operating position (operating revenues less operating expenditures) to determine if funds are available to transfer to the Parks Acquisition and Development Fund to cover a portion of the projected \$38.7 million capital shortfall for the approved MPCF parks facilities.
- E. Annually review the status of previous recommendations for the Master Plan for City Facilities as part of the Long Term Financial Plan.

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- F. Explore cost-sharing partnerships for operation of new facilities.
- G. Revisit the schedule of fees and charges associated with Beaches, Parks and Recreation facilities and services.
- H. Evaluate the near term and long term prospects for a Civic Center as part of the Vital Few Priority process for next fiscal year.

MEETING RECESSED

Council recessed at 8:15 p.m. and reconvened at 8:25 p.m., with all members present.

Finance Manager Rendina narrated the portion of the powerpoint presentation entitled "Reserve Analysis".

Council determined to not modify the City's Fiscal Policy to require the reserve of 25% of the amount estimated for outstanding subsidence claims because it would eliminate Council's ability to re-transfer the subject funds without amending the Fiscal Policy.

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

- A. Budget sufficient funds for FY 2005-06 in order to bring the emergency reserve to the 8% level of projected General Fund operating expenditures. Based on the Financial Forecast, this would amount to \$280,000.
- B. That \$404,600 (which represents 1% of the estimated General Fund operating expenditures) be set aside in Fiscal Year 2005-06 to fund the Council Contingency Reserve.
- C. Increase the specified reserve in the General Liability Self-Insurance Fund from the current reserve of \$625,000 to \$2,592,675 for Fiscal Year 2005-06. The reserve includes three times the self-insurance retention (\$300,000) plus the average of the previous five years of claims costs not covered by the insurance pool (\$292,675), plus \$2,000,000 for subsidence claims.

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- D. Transfer \$1,000,000 from the City's unspecified Fund balance to the General Liability Self-Insurance Fund. This will further increase the specified reserve in the fund for subsidence claims from \$2,000,000 to \$3,000,000 for Fiscal Year 2005-06.
- E. Reduce the existing workers compensation rates for Fiscal Year 2005-06 by 30% to the following:
- | | | | |
|----|------|------------|-------------------------|
| 1. | 8810 | Clerical | \$0.66/\$100 of payroll |
| 2. | 9410 | Non-manual | \$1.84/\$100 of payroll |
| 3. | 9420 | Manual | \$6.13/\$100 of payroll |
- F. Transfer \$165,000 from the General Fund to the Accrued Leave Reserve for Fiscal Year 2005-06.
- G. Budget an additional \$250,000 transfer from the Water Operating Fund to the Water Depreciation Fund for Fiscal Year 2005-06.
- H. Defer policy changes until the completion of the Water and Sewer System Asset Study.
- I. Budget \$11,000 from the Sewer Operating Fund in FY 2005-06 in order to bring the emergency reserve to \$476,000, which represents 8% of the projected Sewer Fund operating expenditures level.
- J. Budget \$1,000 from the Solid Waste Fund in FY 2005-06 in order to bring the emergency reserve to \$12,000, which represents 8% of the projected Solid Waste Fund operating expenditures level.
- K. Budget \$7,000 from the Golf Course Operating Fund in FY 2005-06 in order to bring the emergency reserve to \$168,000, which represents 8% of the projected Golf Course Operating Fund operating expenditures level.
- L. Modify the City's Fiscal Policy to develop an annual six-year plan for capital improvements, including CIP design, development, implementation, and operating and maintenance costs.

Finance Manager Rendina narrated the portion of the powerpoint presentation entitled "Overhead Rate Analysis".

Council directed that the issue of proposed overhead rates be agendized and considered at a future Council meeting, as opposed to being included within the Long-Term Financial Plan.

Marine Safety Chief Humphreys narrated the portion of the powerpoint presentation entitled "Environmental Program Update".

Public Works/Economic Development Director Lund narrated the portion of the powerpoint presentation relating to "Street Improvement Program Update."

MOTION BY COUNCILMEMBER DAHL, SECOND BY MAYOR PRO TEM EGGLESTON, CARRIED 5-0, to:

- A. Approve and authorize the allocation of a General Fund contribution of \$614,930 for the coming FY 2005/06.
- B. Confirm the Council's continuing commitment to the fiscal policy requiring General Fund contributions to the program as resources become available.
- C. Confirm the Council's continuing commitment to the Major Street Maintenance Program and the Slurry Seal Program to provide a programmed preventive maintenance for the streets.
- D. Approve the Street Improvement Program schedule modification to accelerate four street projects east of the freeway area from FY 2007/08, and combine them with other street projects within the same area in FY 2005/06 due to the proximity of these streets.
- E. Approve the Street Improvement Program schedule modification to accelerate the Camino San Clemente street project from FY 2007/08 to FY 2005/06.

Purchasing and Budget Officer Elston narrated the portion of the powerpoint presentation relating to "Revenue and Fee Analysis".

MOTION BY MAYOR PRO TEM EGGLESTON, SECOND BY COUNCILMEMBER DAHL, CARRIED 5-0, to direct Staff to:

- A. Conduct an in-house study on construction permit fees and include an automatic fee escalator in the fee resolution, when appropriate.
- B. Repeal the Municipal Code section which requires the licensing of bicycles.
- C. Investigate the possibility of returning the code enforcement of mobile home parks to the State Department of Housing and Community Development.
- D. Review the sewer connection fee.
- E. Conduct an in-house study on development processing charges and include an automatic fee escalator in the fee resolution, when appropriate.
- F. Conduct a comparative rate analysis of ambulance transport rates.
- G. Prepare a resolution for City Council to approve change in the fee structures for special events and commercial filming.
- H. Conduct an in-house study on community development service charges and include an automatic fee escalator in the fee resolution, when appropriate.
- I. Conduct an analysis of the basis of the charge and to determine the cost recovery and market comparability study for all recreation program fees.

Assistant to the City Manager Ferguson narrated the portion of the powerpoint presentation entitled "State Impact Financial Analysis Update".

City Planner Buell narrated the portion of the powerpoint presentation entitled "Downtown Vision and Strategic Plan Implementation".

MOTION BY MAYOR PRO TEM EGGLESTON, SECOND BY COUNCILMEMBER DOREY, CARRIED 5-0, to direct Staff to:

- A. Continue meeting with the Downtown Visioning Task Force to finalize the Draft Downtown Vision and Strategic Plan and refine policy recommendations related to parking resources and the potential need to update the 2002 Downtown Parking Needs Assessment, and potential for a Civic Center relocation.
- B. Develop a timeline and budget, for possible amendment to the 2005 Vital Few Priorities, policy-level implementation of the Downtown Vision and Strategic Plan, once the visioning and strategic planning process is complete.
- C. Develop a timeline and budget, for possible amendment to the 2005 Vital Few Priorities, work required to establish public/private partnerships for the revitalization of "catalytic opportunity" sites, once the visioning and strategic planning process is complete.

Assistant City Manager/City Treasurer Gudgeirsson reported on PERS unfunded public safety liability and distributed a paper entitled "City of San Clemente CalPERS Frozen Safety Plan Actuarial Information Summary".

MOTION BY MAYOR PRO TEM EGGLESTON, SECOND BY COUNCILMEMBER RITSCHER, CARRIED 4-0-1 (COUNCILMEMBER DAHL ABSTAINING), to:

- A. Extend the amortization period of the City's PERS unfunded liability from eight years to fifteen years. This will reduce the amount of the City's FY 2005-06 payment by \$326,000.
- B. Move to a 15-year amortization period for FY 2005-06, letting the amortization period decrease for five years, then re-establish a new 15-year amortization period.

Assistant City Manager/City Treasurer Gudgeirsson withdrew Staff's recommendation relative to a possible fund transfer in the property tax recapture case.

During the course of the meeting, Council requested that Staff provide the following:

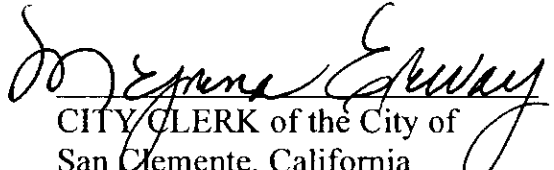
- Issue paper that identifies the long-term implications associated with the \$425,000 transfer from the Golf Operating Fund to the General Fund.
- Issue paper that contains additional information concerning the possibility of transferring \$1 million to the Negocio Debt Service Fund to pay off the debt.
- Listing of park sites where Level "B" maintenance is being realized.
- Listing of park sites that Staff is recommending be increased to a "B" maintenance level and the associated cost differential.
- Information relating to the assumptions utilized in the Fiscal Impact Model and Financial Forecast.
- Issue paper defining City facilities.
- More-definitive description of the proposal to provide office space for park inspectors.
- Additional information concerning the computation of overhead rates, with an emphasis on the proposed Planning overhead rate of 159.58%.
- Issue paper identifying the amount the City pays the Orange County Fire Authority for medical transport services as compared to revenue collected from service users.

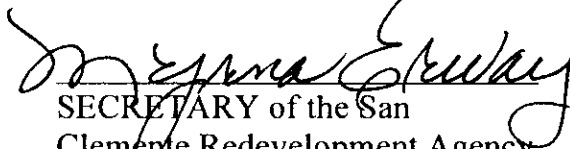
PUBLIC COMMENT

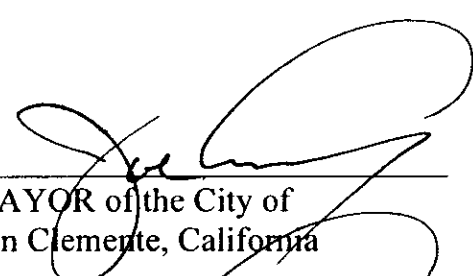
None.

ADJOURNMENT

MOTION BY COUNCILMEMBER/RDA DIRECTOR RITSCHER, SECOND BY COUNCILMEMBER/RDA DIRECTOR DOREY, CARRIED 5-0, to adjourn at 10:15 p.m. to a Joint Adjourned Regular City Council and Adjourned Regular Redevelopment Agency meeting to be held on March 15, 2005 at 4:00 p.m. in the Council Chambers, located at 100 Avenida Presidio, San Clemente, California, to consider the 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