

CITY OF SOLANA BEACH
SOLANA BEACH CITY COUNCIL, SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY, PUBLIC
FINANCING AUTHORITY, & HOUSING AUTHORITY

JOINT **SPECIAL** MEETING

MINUTES

5:00 P.M.
Wednesday, May 23, 2012

CITY COUNCIL CHAMBERS
635 S. HIGHWAY 101,
SOLANA BEACH, CALIFORNIA

The City Council acts as the City of Solana Beach Redevelopment Agency and the Public Financing Authority.

Video note. There were technical issues the start of this meeting, therefore, the tape begins after the meeting has started.

CALL TO ORDER AND ROLL CALL:

Present: Heebner, Kellejian, Nichols, and Campbell.

Absent: Roberts.

Also Present: David Ott, City Manager
Johanna Canlas, City Attorney
Angela Ivey, City Clerk
Wende Protzman, Dir. Admin. Serv/Deputy City Mgr
Mo Sammak, City Engineer/Public Works Dir.
Marie Berkuti, Finance Manager
Dan King, Sr. Management Analyst

Mayor Kellejian called the meeting to order at 5:05 p.m.

CLOSED SESSION REPORT: (when applicable)

No reportable action.

FLAG SALUTE:

APPROVAL OF AGENDA:

MOTION: Moved by Heebner and seconded by Campbell. **Motion carried 4/0/1**
(Absent: Roberts)

C. STAFF REPORTS: (C.1. - C.2.)
Submit speaker slips to the City Clerk

C.2. Proposed Budget Fiscal Year 2012/13 Budget. (File 0330-30)

Recommendation: That the City Council

1. Review the Proposed FY 2012-13 Budget and provide Staff with direction to formulate the budget for adoption on June 27, 2012

David Ott, City Manager, introduced the item. He stated that the City had budgetary challenges over the past couple years, that there had been some operational changes and cost saving measures, that the City was operating lean, that the revenues were flat, and that the City had held its expenditures. He presented a power point (on file) reviewing the proposed Fiscal Year 2012-13 Budget. He stated that the top revenue sources were property tax, sales tax, motor vehicle in lieu of, Transient Occupancy Tax (TOT), Franchise Fees, and Fire Benefit Fees. He stated the public safety costs were the City's greatest general fund expenditure, that there were significantly more employees in 2002/03 than there were today, and that this year the City had the least number of employees in its history. He stated that there had been no salary increases last year except for step increases, that there were no increases to department materials and supplies budgets, no increases to department budgets except for the City Clerk's department for the 2012 General Election and the Finance department budget due to benefits. He stated that the City had wanted to maintain the risk management/workers' compensation reserves at \$500,00, that this had not been possible the last couple years, the reserves for self insurance and workers' compensation had been increased this year to \$500,000 each. He stated that there was an operational surplus of \$368,900 in this year's budget, however, the City was in the middle of negotiations and this could change, and that Council may want to fund some of the capital improvement projects with the surplus funds.

David Ott, City Manager, continued with the power point, reviewing the Budget.

Council and Staff discussed the funds with negative balances, which had to do with timing differences for receiving grant funds and that once grants were received then these accounts would reconcile, that typically with grants funds had to be spent first and then submitted for reimbursement since they were not received in advance, that funds were loaned from the general fund until reimbursement was made, that is was noted on the books as a receivable to the general fund and was done through cash accounts, and that when the CAFR was completed that any account with negative cash account was shown as a "due to" the general fund. Discussion continued regarding the sand replenishment budget, that it was a source of the funds from Transient Occupancy Tax, it did not take into account the seawalls funding that went to Sandag,

which were not on the City's books, that they City had to give authority to SANDAG to spend money, that the finance department was going to discuss with the auditors whether or not to bring those funds onto the City's books, that those funds should be noted in the budget, and that the City required approval of SANDAG to spend those funds.

Sean MacLeod (time donated by Dave Hodges and Heidi Hodges) presented a power point (on file) reviewing the history of the Cedros Avenue Design District. He stated that the Property Owners Association were proposing the next phase of streetscape improvements in the public right-of-way and that upgrades were intended to compliment the Highway 101 design, contribute to the evolution of the walkable downtown, to implement the next phase of South Cedros Avenue as was presented by Fred Kent in the past, and to enhance pedestrian safety and charm. He stated that the goal of the project was to maintain an increased sales tax revenue by joint investment of public improvements on S. Cedros Ave., that the area was once not desirable, and that the first phase of the partnership with the City began in the late 1980s with bond financing for the installation of curbs, gutters, sidewalks, and the undergrounding of utilities. He stated that in 1992 the business owners joined with the City to make improvements to transform the area into a premiere shopping area, the Cedros Design District, that pedestrian safety was at the forefront of improvements, that the area evolved into a desirable pedestrian destination, and that the improvements to the area included directional signage, 3 iconic arches, 25 architectural pedestrian street lights along the avenue, and crosswalks and pop-outs for traffic calming. He stated that this had been a successful financial investment, that the most sales tax revenue to the City was in excess of \$350,000 annually, the current phase of the proposed upgrades in the public right-of-way included additional landscaped pop-outs, enhanced pedestrian crossings, the deletion of extraneous sidewalk curb cuts, the correction of non-compliant ADA areas, additional shading seating, and upgraded signage. He stated that the proposed budget to achieve improvements in right-of-way was \$90,000 and proposed that it would be split 50/50 by the property owners and City, and that he had been a part of this partnership since 1992.

Council, Staff, and Ms. MacLeod discussed that the improvements would be made without the loss of parking, that this request was currently not budgeted, that there was an additional \$20,000 of reserves in the project budget which was for engineering services that may be needed, for additional signage and electrical for pop-outs, and that the money was for contingency plus soft costs. Discussion continued regarding that these additional funds could also possibly pay for sidewalk widening, an additional cross walk would be placed near the Solo store, that the islands would be on the west side of Cedros, and that there were four of them which would be going south.

Mayor Kellejian stated that he could have a conflict of interest with this topic due to his wife owning a shop on Cedros. Councilmember Nichols stated that he may have a conflict of interest due to having clients within the last 12 months on Cedros Ave. Councilmember Campbell stated that he may have a conflict of issue with this topic.

Johanna Canlas, City Attorney, stated that there was no action at this point, that

individual Councilmembers should speak with her in order for her to do an analysis on their issues, that it would be prudent to not participate on the item until she received additional information to make a determination on each member's situations. She stated that since no quorum would be available for this issue due to conflict of interest concerns that straws could be drawn to so a quorum would be available.

Council questioned whether there was a "greater public benefit" clause for this topic.

Johanna Canlas, City Attorney, stated that it could be possible but that she needed more information to make that determination.

Council and City Attorney discussed that no action would be taken at this meeting but that certain recommendations could come out of the discussion regarding the project, that it was up to individual Councilmembers to inform the City Attorney on any possible conflict of interest issues they may have with any topics. Councilmember Campbell stated that he would participate in the discussion, that he would then present documentation to the City Attorney so that a determination could be made on whether or not he could participate once the item came before Council for a vote.

David Ott, City Manager, continued with the power point (on file). He stated that the City had begun work on the General Plan, the Housing Element was funded and scheduled to be completed next spring, the Land Use and Circulation Element were also in the first phase of the General Plan, that another \$300,000 was needed for the next fiscal year to complete the first phase, and that the first phase would be pushed out into the 2013-14 budget year.

Council and City Manager discussed that the City had a long time history with the Cedros Design District, that the City had a good return on their investment, that they would like to see the City Manager find ways to fund the \$45,000 needed for the project, that possibly some of the surplus funds could go towards the Cedros Design request, that Council would like the Land Use and Circulation Element started if possible, and that some of the surplus funds could be put into the General Plan.

David Ott, City Manager, stated that \$200,00 would be required to fund about 2/3 of the two plans.

Council discussed that they would like to try and keep some type of surplus, that funds should be set aside for the Del Mar Shores Stairs project, that if the project was not completed the access to the beach would have to be closed down, and that Council directed the City Manager to come back with recommendations on where to find funds for the project.

Council and City Manager discussed that the Del Mar Shores Stairway project was a line item, that it was just unfunded, that the City Manager would return with a funding plan, that a funding plan was also needed for the railing at Tide Park, that some funds for capital improvement projects were from other sources such as Transnet and could not be touched, and whether some funds could be re-allocated to other projects, that

the City Manager should do an analysis, that the City should start planning for saving of stairs to show intent for project to move forward, that TOT funds could be a part of the funding plan, that bonds or grants could also be a part of the plan, and that it was a multi-funding plan not one source.

C.1. Draft Workplan for Fiscal Year 2012/13. (File 0410-80)

Recommendation: That the City Council

1. Review the modifications to the proposed Fiscal Year 2012/2013 Workplan.

David Ott, City Manager, introduced the item.

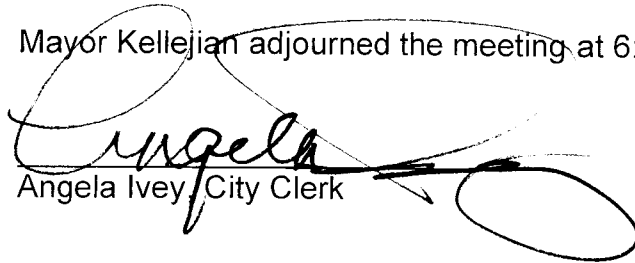
Danny King, Management Analyst, presented a powerpoint (on file) reviewing the main issues of the workplan that Council had requested to be added or modified. He stated that the word "environmental" had been added to the mission statement, that the parking management plan and affordable housing program were removed from the community character priorities since they were completed, and that the Fletcher Cove and Marine View projects were removed from the capital improvement projects list because they were completed. He stated that several items were also removed from the un-prioritized list since they were completed, that several items were added to the community character un-prioritized list including the comments to the One Paseo EIR, analyzing traffic calming measures on Lomas Santa Fe east of the I-5 freeway, and developing a Highway 101 parking district business preservation ordinance for Council's review. He stated that the City Hall HVAC project had been moved under the climate protection section of the environmental sustainability category, that the Plastic Bag Reduction Ordinance moved under policy development section, and that several items were added to un-prioritized environmental sustainability issues including the monitoring the possibility for the formation of a Community Choice Aggregation, developing a small business energy conservation in partnership with SDG&E, and developing a voluntary clean business program. He stated that the Distillery Lot Feasibility Study had been moved to the un-prioritized list in the fiscal sustainability category, that the comparative study was removed, and that the facility replacement fund was added to the category.

Council discussed that there should be consideration to develop an ordinance to regulate trucks with advertisements on them in the public right-of-way.

MOTION: Moved by Nichols and seconded by Heebner to adopt including an item for a potential ordinance regarding long standing trucks containing advertising. **Motion carried 4/0/1** (Absent: Roberts)

ADJOURN:

Mayor Kellejian adjourned the meeting at 6:05 p.m.



Angela Ivey City Clerk

Approved: August 22, 2012