



**DEL MAR CITY COUNCIL
SPECIAL MEETING MINUTES**
Del Mar Town Hall, 1050 Camino del Mar, Del Mar, CA 92014
SATURDAY, MAY 4, 2019, 9:00 A.M.
MONDAY, MAY 6, 2019, 9:00 A.M.



MAY 4, 2019
BUDGET WORKSHOP – DAY 1
9:00 A.M.

CALL TO ORDER/ROLL CALL

Mayor Druker called the meeting to order at 9:00 A.M.

Present: Mayor Dave Druker; Deputy Mayor Ellie Haviland; and Council Members Terry Gaasterland, Sherryl Parks and Dwight Worden

Staff Present: City Manager Scott Huth; Assistant City Manager Kristen Crane; Administrative Services Director/City Clerk Ashley Jones; Community Service Director/Lifeguard Chief Jon Edelbrock, Public Works Director Joe Bride; Community Services Deputy Director/Deputy Lifeguard Chief Mark Rathsam; Deputy Fire Chief Jon Blumeyer; Battalion Chief Mike Spaulding; Information Technology Manager Emily Bernardo; Finance Manager Monica Molina; Finance Officer Rosanna Arguelles; Environmental Sustainability and Special Programs Manager Clem Brown; Management Analyst Shaun McMahon; and Management Analyst Sarah Krietor.

PLEDGE OF ALLEGIANCE

Council Member Parks led the Pledge of Allegiance.

PUBLIC COMMENT

None.

COMMUNITY FUNDING REQUESTS

A presentation was provided by Management Analyst Krietor.

The Mayor opened this item to public comment and the following spoke:

- 1) John Van Cleef, CEO, Community Resource Center – Spoke in support of and provided information about the CRC's funding request.
- 2) Shirley King, St. Peter's Helping Hands – Spoke in support of the funding requests submitted by the CRC and Kitchen's for Good.
- 3) Lindsey Seegers, Kitchens for Good – Spoke in support of and provided information about the Kitchen's for Good program and their funding request.
- 4) Don Mosier, Del Mar Community Connections (DMCC) – Spoke in support of and provided information about the DMCC's funding request.
- 5) Jennifer Grove, Del Mar Village Association (DMVA) – Spoke in support of and provided information about the DMVA's funding request.
- 6) Casey Davis, Diabetes Research Connection – Spoke in support of and provided information about the Diabetes Research Connection's funding request.
- 7) Jennifer Yost – Regional Task Force on the Homeless – Spoke in support of and provided information about the Regional Task Force on the Homeless' funding request.

The Mayor closed the item to public comment.

Council questions focused on clarification on local/regional homeless statistics; portion of funding request that supports direct costs; effectiveness of CRC programs/interventions; opportunities to partner with local restaurants for food donations; tracking of volunteer hours; eligibility requirements; number of individuals benefiting from the program; potential use of UBER and LYFT for senior transportation services; use of North County Transit District FACT program; Go, Go, Grandmother service; and incidents of Type 1 Diabetes.

COUNCIL OTHER BUSINESS

1. *Review of Budget Workshop Agenda and Schedule*
Administrative Services Director/City Clerk Jones provided an overview of the agenda and goals of the two-day budget workshop
2. *Budget Development Process*
Administrative Services Director/City Clerk Jones and Assistant City Manager Crane provided an overview of the City's budget development process.

Tom McGreal, Finance Committee Chair, spoke about the Finance Committee's recommendations pertaining to the General Fund Contingency Reserve.

Council questions focused on clarification of the information included in specific projections (versus prior information provided to the Finance Committee); need for a separate table that shows exactly what is included in the General Fund contingency calculation; and how Del Mar's efforts to pay off the pension liability compare with other cities.

Council discussion focused on how much contingency reserve they want to set as a goal (i.e. 20% or 25%); pros and cons of a higher contingency reserve amount; concern about how increasing the reserve limits Council's ability to pursue critical projects and activities; establishing 20% as a minimum; looking at setting the reserve based on number of days that the City can provide services rather than using a percentage; whether there should be a policy regarding payment of the pension reserve requiring that it always be funded; consensus of the Council was to work toward a 25% (90 day) contingency, but the mechanism and time period to do that still needs to be determined.

3. *Overview of the Proposed Two-Year Operating and Capital Budget for Fiscal Years 2019-20 and 2020-21*
Finance Manager Molina provided an overview of the City's financial policies; revenue and expenditure assumptions; reserves and subsidies; proposed budget for the upcoming fiscal years;

COUNCIL RECESS

The Council took a recess from approximately 11:30-11:45 a.m.

4. *Department Budget Review*

Representatives from each department provided an overview of their department duties/responsibilities; recent accomplishments; two-year goals; and significant budget changes.

- a. City Council – Environmental Sustainability and Special Programs Manager Brown

Council questions focused on what the community promotions funds included in the budget are for; and funds budgeted for claims/litigation handled by the City Attorney.

- b. City Manager - Environmental Sustainability and Special Programs Manager Brown

Council questions focused on expenditures to date out of the AB 939, which are very low compared to what is budgeted.

- c. Administrative Services - Administrative Services Director/City Clerk Jones, Information Technology Manager Bernardo, and Finance Manager Molina

Council questions focused on election costs; contractual services related to human resources; ability to store information in the iCloud; and additional technologies needs that staff may want to recommend; and increases to self-insurance costs.

- d. Planning – Management Analyst McMahon

- e. Community Services – Community Services Director/Lifeguard Chief Edelbrock

Council questions focused on traffic safety concerns related to concerts in the Park; changes to rules for parking enforcement; revenues/expenditures for Powerhouse; and Full-Time Equivalents (FTE's) across the department.

- f. Fire – Deputy Fire Chief Blumeyer

Council questions focused on 800 MHZ radio purchase and NextGen compliance requirement; fairgrounds rent increase for Fire Station and pursue rent reduction through State; and community AED's and training.

- g. Public Works – Public Works Director Bride

CAPITAL IMPROVEMENT PROGRAM (CIP)

This item was continued to Monday, May 6, 2019.

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ADJOURNMENT

At 1:58 p.m., the Mayor adjourned the meeting to 9:00 a.m., May 6, 2019, at 1050 Camino del Mar, Del Mar, California, 92014.

MAY 6, 2019

BUDGET WORKSHOP– DAY 2

9:00 A.M.

CALL TO ORDER/ROLL CALL

The Mayor called the meeting back to order at 9:00 a.m.

Present: Mayor Dave Druker; Deputy Mayor Ellie Haviland; and Council Members Terry Gaasterland, Sherryl Parks and Dwight Worden

Staff Present: City Manager Scott Huth; Assistant City Manager Kristen Crane; Administrative Services Director/City Clerk Ashley Jones; Planning and Community Development Director Kathleen Garcia; Community Service Director/Lifeguard Chief Jon Edelbrock, Public Works Director Joe Bride; Deputy Fire Chief Jon Blumeyer, Finance Manager Monica Molina; Finance Officer Rosanna Arguelles; and Environmental Sustainability and Special Programs Manager Clem Brown.

PLEDGE OF ALLEGIANCE

Council Member Worden led the Pledge of Allegiance.

PUBLIC COMMENT

The Mayor opened the public comment portion of the workshop and the following individuals spoke:

- 1) Barbara Harper, Friends of the Powerhouse – Asked the Council to support funding for the Powerhouse Deck Project.
- 2) Carol More, 230 22nd Street – Expressed support of the Powerhouse Deck Project.
- 3) Zach Groban, Business Support Advisory Committee Chair – Encouraged to look at revenue generating measures and expenditure reductions that will not negatively affect the DMVA or downtown businesses.
- 4) Jen Grove, Del Mar Village Association (DMVA) – Talked about all the work the DMVA does for the City and asked the Council to not decrease/cap funding to the DMVA.

Council questions focused on ways that the DMVA could assist the City with revenue generating measures; bottom line budget needed in order to continue current activities; and what the Transient Occupancy Tax (TOT) rate is in San Diego.

The Mayor closed the public comment portion of the meeting.

CAPITAL IMPROVEMENT PROGRAM (CIP)

Public Works Director Bride provided an overview of the proposed CIP projects recommended for inclusion in the proposed FY 2019-20 and 2020-21 budget, categorized

by open space; facilities; storm drain/clean water; Measure Q; wastewater; and water. Additional discussion focused on CIP projects currently included on the “unfunded” list.

Council questions focused on the details of the proposed CIP projects; and those included on the unfunded list.

Public Comment:

Tom McGreal, Finance Committee Chair – Asked for a handout that shows what is funded, unfunded, and gap amounts over a 10-year period. Commented that Measure Q was intended for Downtown Streetscape only; however, there are over \$2M of other Streetscape segments showing up in the Measure Q forecast page.

Council discussion focused on use of Measure Q funds for Streetscape related items/work (i.e. bus stop); need to build it into the modeling for use of funds; concerns about including work for other segments of the Streetscape project into the funding forecast for Measure Q; clarification of what constitutes the “Streetscape” project (Via de Valle to Carmel Valley Road); and adjust the Measure Q funding forecast and put the other segments work into the Streets budget.

CONTINUED OVERVIEW OF THE PROPOSED TWO-YEAR OPERATING AND CAPITAL BUDGET FOR FISCAL YEARS 2019-20 AND 2020-21

Continued discussion regarding the proposed budget and application of the City’s fiscal policies including a detailed discussion regarding the Finnell Plan (FP).

Finance Manager Molina presented an overview of the City’s FP including its purpose, how it has historically been calculated/implemented; concerns about the impacts of the Finance Committee’s recommendation.

Council questions focused on how the FP is calculated; vagueness of the Plan and how to apply; periodic review of the Plan; purpose of the Plan and what the intention was for creating it; best timing to review revenues and adjust expenditures accordingly; clarification about recommendation from Finance Committee.

Tom McGreal, Finance Committee Chair – Discussed the purpose of the FP, need to measure and apply annually; need to stick to the City’s three financial policies/guidelines; and timing for assessing revenues and adjusting expenditures accordingly; both personal and separate recommendation from the Finance Committee. Tom also provided some slides that calculated the Finnell Plan cash flow projection over 10 years.

Council discussion focused on the need for a comprehensive assessment of what funding is needed for the current proposed 10-Year CIP Plan; effect of Measure Q revenues; need to prepare for a recession; develop a summary sheet that can be used to assess Plan year over year; look at possibly using the Finnell Plan to help fund other things (i.e. special projects, housing fund, etc.); need to look at the Finnell Plan and impacts of its application holistically; looking at General Fund expenditures and need to potentially make adjustments.

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Council consensus to apply the Finnell Plan to each fiscal year budget and continue to apply the 1.4% percent.

Options for how to handle Measure Q projects related to the Finnell Plan: 1) charge expenditures to Measure Q; and recognize the revenue; 2) tax staff time; and 3) shift staff time to Measure Q entirely and not include in Finnell Plan.

Council consensus to charge direct costs to Measure Q projects only, no indirect costs.

Staff provided an overview of the City's CalPERS Pension Tiers (First, Second, and PEPRAs), including the current unfunded liability for each, how the Pension system is funded; efforts by the City to manage pension costs; pension reserve fund; what is included in PERS assumptions; value of the City's market assets;

Council questions focused on why there is unfunded liability in the Second and PEPRAs tiers;

Finance Manager Molina provided a recap of the proposed budget including revenue and expenditure assumptions.

Council questions focused on applicable sales tax; property tax; revenue growth projections; number used for Measure Q projections; and clarification on information included in the expenditure assumptions.

COUNCIL RECESS

The Council took a recess from approximately 12:18 – 12:38 p.m.

REVENUE/EXPENDITURE MEASURES

City Manager Huth provided an overview of a list of potential measures for revenue generation and expenditure reductions.

Council discussion focused on whether or not to give DMVA a portion of the additional .5% TOT assessment once implemented; what City of San Diego is charging for TOT and all other fees (TBID, etc.); what steps would need to be taken in order to consider charging TOT to short-term rentals; charging a service fee/processing fee for credit card transactions; complete a development impact fee (DIF) study and implement DIF fees as appropriate, which would be used toward funding CIP projects; looking at sale of City surplus property and properties that could potentially be sold; may consider sponsorship/advertising on a very selective case-by-case basis (very low priority); concern about impacts to the businesses if the City expanded paid parking into the commercial zone now, but could look at doing so a few years into the future; potential of adjusting the document transfer fee; potential of charging a paramedic fee either to everyone, or only for calls that are responded to outside of the City limits; and pros and cons of reviewing the zoning code or parking requirements to identify opportunities to make changes that encourage positive development activities.

Council consensus was to move forward with: 1) increasing the Transient Occupancy Tax (TOT) from 12.5% to 13%; 2) research and identify what steps the City would need to take

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in order to charge TOT to legal, conforming Short-Term Rentals; 3) implementation of a processing/service fee for credit card transactions; and 4) research and come back to Council with more information about the potential for charging a paramedic fee for services provided outside of Del Mar.

UNFUNDED ITEMS

The Mayor took public comment from those in attendance related to the Unfunded items that will be discussed later this evening:

- 1) Don Mosier, President of the Del Mar Community Connection (DMCC) – Spoke in opposition of cutting any funding for the residential subsidy program.
- 2) Jen Grove, DMVA Executive Director – Asked the City Council not to limit/cap the amount of funding that is given to the DMVA in Transient Occupancy Tax revenue.

ADJOURNMENT

At 2:13 p.m., the Mayor adjourned the meeting to resume this evening following the regularly scheduled City Council meeting.

CALL TO ORDER

The Mayor called the meeting back to order at 8:13 p.m.

Present: Mayor Dave Druker; Deputy Mayor Ellie Haviland; and Council Members Terry Gaasterland, Sherryl Parks and Dwight Worden

Staff Present: City Manager Scott Huth; Assistant City Manager Kristen Crane; Administrative Services Director/City Clerk Ashley Jones; Planning and Community Development Director Kathleen Garcia; and Finance Manager Monica Molina.

REVENUE/EXPENDITURE MEASURES

City Manager Huth continued to provide an overview of proposed options for the City Council to consider in order to increase revenues and decrease expenditures. Council discussed the possibility of capping the amount of funding that is given to DMVA annually in relation to TOT generation and concerns about the impacts to DMVA in doing so; opportunities to make Del Mar more of an arts destination and engaging the Del Mar non-profits to help facilitate. The Council also discussed funding of the DMCC rental assistance program and need to reevaluate their request for funding and increased cost of administering the program; concern about increased funding to DMCC for multiple City-funded programs; staff explained that they will meet with representatives from DMCC to better understand their funding requests; consider reaching out to San Diego Council Member Barbara Bry and ask that they consider funding a portion of the program as their constituents do benefit from the program; alternatively non-Del Mar residents could be charged for services provided by DMCC to help offset costs. Although a pension item was listed, staff will work with the pension subcommittee of the Finance Committee and come back with recommendation in the future. Council suggested that the City's contract for lobbying services be reconsidered. Consider looking at deferring the landscape portion of 22nd Street Tennis Court Drainage project.

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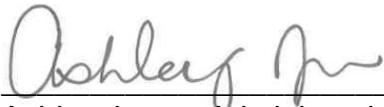
UNFUNDED ITEMS

Staff presented a list of operation, capital, and special project items that are currently unfunded.

Council discussion focused on where funds for building affordable housing could come from; and the CRC funding request. It was the consensus of the Council consensus to fund only the homeless intern component of the CRC request; Kitchens for Good; and the Regional Task Force Point in Time Count. The Council directed staff to follow up with the Del Mar Community Connections on their funding request and report back to the City Council with more detailed information.

ADJOURNMENT

The Mayor adjourned the meeting at 9:39 p.m.

A handwritten signature in cursive script, appearing to read "Ashley Jones", is written above a horizontal line.

Ashley Jones, Administrative Services
Director/City Clerk