



**DEL MAR CITY COUNCIL
SPECIAL MEETING MINUTES**

MAY 16, 2020

VIA TELECONFERENCE

1050 Camino del Mar, Del Mar, California

CALL TO ORDER

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

ROLL CALL

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

PUBLIC COMMUNICATIONS

There were no public comments to be read into the record.

COUNCIL BUSINESS

1. Review of Budget Workshop Schedule and Agenda

The Mayor opened up the meeting and provided an overview of the format for the staff presentation and discussion of each agenda item.

A presentation was provided by City Manager CJ Johnson, Assistant City Manager Kristen Crane, and Administrative Services Director Ashley Jones. Following the presentation, the Council discussed each topical area below, asked questions, and provided feedback and direction to staff.

2. Revenue Projection Scenarios for Fiscal Year 2020-21

Council questions focused on whether any relief funds are anticipated in the revenue projections; assumptions included in Attachment C; Fairgrounds revenue assumptions; property tax assumptions; potential impacts to enterprise funds; what the worst case scenario would be; car storage at the Fairgrounds; monitoring of relief fund opportunities; water utility activity; property turnover rates and impacts to property valuations; potential to charge TOT on authorized short-term rentals.

Council discussion focused on concerns about revenues, if any, coming from the Fairgrounds; Scenario with recovery capped at 50% may be most conservative approach; trying to predict the unpredictable; potential reduction in consumer confidence; strong support for the most conservative scenarios for TOT and sales tax; economic outlook from economists at the San Diego Association of Governments (SANDAG) and consistency with staff's recommendations; concern about effect of cutting too deeply and impacting economic recovery; and getting down to a bare bones/essential services only.

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There was consensus among the Council to use the more conservative scenarios for TOT and sales tax revenues recommended by the Finance Committee, which assumes a \$4 M loss in revenues.

3. Discussion about Essential City Services

Council questions focused on how the different tiers included in the report and Attachment E correlate with the budget; potential to partner with another local water district such as the Santa Fe Irrigation District; the basis for categorizing each item on the list into the different tiers; and the Del Mar Village Association (DMVA) business support/economic development activities.

Council discussion focused on basic lifeguard services and implementation of the Community Plan being essential; freezing implementation of new rules and regulations unless State mandated for the coming fiscal year, reduced need for committees; maintaining essential utilities; no provision of non-essential services; continuing with Tier 2 lifeguard and traffic deputy services if possible; potential of asking committee members to serve an extra year due to no meetings in FY 20-21; there not being much “fat” to cut from the budget; delaying and deferring as a preferred strategy; interest in continuing with Design Review Board (DRB) and Planning Commission during the next fiscal year; impact of losing committees; potential to engage committees on economic recovery efforts; engaging Measure Q Oversight Committee on use of funds; potential to only have Planning Commission and DRB look at essential items only; reducing impacts of committees on City resources, but not eliminating altogether; prioritizing things that generate revenue along with pursuit of grants and other outside funding opportunities; considering the work that the Sustainability Advisory Board does in relation to achieving Climate Action Plan goals; opening of Town Hall and the Powerhouse for non-essential public events; enforcement of rules/regulations having little effect on the Downtown area; opportunities to increase internal efficiencies; the concept of a Tier 1.5, which include items that are essential to accelerate recovery; planning for only a subset of existing businesses reopening; creating a budget that covers essential services and Planning Commission and DRB, and as many of Tier 2 items as possible; moving forward on a case-by-case basis, the difficulty in having black/white rules about what activities will or will not take place; essentiality of some services provided by the Del Mar Community Connections (DMCC) to the community, and services provided by the DMVA to the recovery of the business community; and need to focus on essential services and economic recovery.

City Manager CJ Johnson identified the following recurring themes in the feedback provided by the City Council:

- Delay, defer and delegate as a strategy;
- DRB and Planning Commission should be Tier 1;
- Get committees going at some point, but decrease frequency and staff support;
- Importance of grant seeking opportunities; and
- Moving DMCC and DMVA into Tier 2.

4. Capital Improvement & Special Projects for Fiscal Year 2020-21

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Council questions focused on the City's required maintenance of effort (MOE) and types of safety work to be completed as part of the annual pavement rehabilitation project work being recommended; and status of the Camino Del Mar (CDM) Bridge project and need for the work.

Council discussion focused on the potential to renegotiate the CDM bridge contract with Caltrans to reduce costs in the coming year; support for the modest capital program recommended by staff; identifying projects on the chart to be done once funding becomes available; details and timing for a development impact fee study, and Council's interest in pushing the study to a future year; details of records management/scanning of backlog records; scope of Housing Element work and opportunities for additional savings; and direction for staff to talk to State representatives about extending the Housing Element deadline.

CITY COUNCIL MEETING BREAK

The City Council took a meeting break from approximately 11:09 to 11:20 a.m.

5. Measure Q Revenue Assessment & Project Funding

Council questions focused on what work is proposed for the Shores Park Master Plan project during the coming fiscal year.

Council discussion focused on elimination of all funding for the Shores Park project in the coming year, and a preference for staff to bring items to the City Council for consideration as they come up; need to delay Utility Undergrounding project based on projected revenue losses; clarification on purpose and scope of the Measure Q Oversight Committee; and tracking of car sales and impact to Measure Q revenues.

It was the consensus of the City Council to eliminate all funding for the Shores Park Master Plan and Utility Undergrounding projects in FY20/21; and they directed staff to update the methodology for Measure Q revenues to match what is being used for sales tax (slower recovery model).

6. Use of City Reserves

Council questions focused on the equipment reserve fund and why the fund has been deemed underfunded.

Council discussion focused on being very careful about using reserves, and only using reserves as a last resort; using contingencies wisely; interest in considering the use of reserves in the context of expenditures; if reserves need to be used, they should be used in the following order: use Measure Q first, General Fund Contingency (GFC) second, and Pension Reserve Fund third, and there should be no use of the equipment replacement or self-insurance funds; willingness to reduce the GFC down to 10% in order to offset cash flow problems; avoid use of Pension Reserve unless absolutely needed; keeping Measure Q funds separate from the General Fund and use only if absolutely needed; it was

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suggested that the list and explanation for each General Fund Reserve being included in future budget discussions as a helpful tool; concern about going below 10% GFC; and that reserve funds that are used should be repaid as soon as possible.

It was the consensus of the City Council that:

- 1) If the use of General Fund reserves is necessary, then they should be used in the following order: Measure Q funds first; General Fund Contingency Reserves second; and Pension Reserve Funds third;
- 2) Self-insurance and equipment replacement funds should not be used.
- 3) Reserve funds that are used should be repaid as soon as possible.

7. Next Steps

Using the feedback and direction provided by the City Council, staff will prepare proposed modifications to the FY2020-21 Operating and Capital Budget which will be presented to the Finance Committee on June 9, 2020, and the City Council on June 15, 2020.

There was a request by Deputy Mayor Gaasterland and Councilmember Druker to include a discussion regarding appointments to committees on the June 1, 2020, City Council meeting agenda.

ADJOURNMENT

Mayor Haviland adjourned the meeting at 2:05 P.M.



Ashley Jones, Administrative Services
Director/City Clerk