



**DEL MAR CITY COUNCIL
SPECIAL MEETING MINUTES
MAY 22 & 24, 2021**

Via Teleconference
1050 Camino del Mar, Del Mar, California

MAY 22, 2021: BUDGET WORKSHOP – DAY 1

CALL TO ORDER

Mayor Gaasterland called the meeting to order at 9:30AM

ROLL CALL

Present: Mayor Terry Gaasterland; Deputy Mayor Dwight Worden; Councilmembers Dave Druker, Tracy Martinez and Dan Quirk

PLEDGE OF ALLEGIANCE

Councilmember Martinez led the pledge of allegiance.

PUBLIC COMMENT

None.

CITY COUNCIL BUSINESS

ITEM 1: FISCAL YEAR 2020-21 THIRD QUARTER FINANCIAL UPDATE (CLERK'S FILE NO. 202-5)

A presentation was provided by Interim City Manager Ashley Jones and Finance Manager/Treasurer Monica Molina.

Council questions focused on merchant fees; increased revenues from planning and building services; ongoing versus one-time revenue sources and increases; clarification on the type of purchases that the City receives Measure Q revenues from; outstanding commitments for the Measure Q fund; online sales relationship to sales tax revenues and the Measure Q tax; and projected sales tax revenues.

There were no public speakers for this item.

IT WAS MOVED BY COUNCILMEMBER QUIRK, SECONDED BY MAYOR GAASTERLAND TO APPROVE STAFF'S RECOMMENDED ACTION TO AUTHORIZE REVENUE ADJUSTMENTS TOTALING \$1,984,070, AND EXPENDITURE ADJUSTMENTS TOTALING \$5,130 AS INCLUDED IN EXHIBIT A OF ATTACHMENT A; AND AUTHORIZE THE ELIMINATION OF UP TO \$283,620 GENERAL FUND BORROWING FROM THE MEASURE Q FUND. (VOTE 5-0)

Ayes: Mayor Gaasterland, Deputy Mayor Worden, and Councilmember Druker, Martinez and Quirk;
Noes: 0; Absent: 0; Abstain: 0

ITEM 2: COMMUNITY SUPPORT PROGRAM FUNDING REQUESTS FOR FISCAL YEARS 2021-2022 AND 2022-2023 (CLERK'S FILE NO. 202-1)

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A presentation was provided by Senior Management Analyst Beth Murray. Rebecca Nussbaum with Community Resource Center (CRC), Terry Kopanski with Del Mar Community Connection (DMCC), and Jen Grove and KC Vafiadis with Del Mar Village Association (DMVA) answered Council questions regarding the funding requests submitted by their respective organizations. Representatives from the San Diego County Regional Task Force on the Homeless (RTFH) were not in attendance.

Council questions for the CRC focused on the funding request and metrics for services provided by Helping Hands in partnership with St. Peter's Church.

Council questions for DMCC focused on services including the number of participants; services being provided in the 92014 zip code, but outside of the Del Mar municipal boundary; DMCC funding in FY2018-19; and DMCC sources of funding sources besides the City of Del Mar.

Council questions for the DMVA focused on the fuel the frontline program; partnership with City staff to streamline permits for businesses; Breeder's Cup planning; what the additional \$25,000 requested will be used towards; the rationale for staff's recommendation action to fund \$25,000 of the requested \$50,000; and confirmation that the 1% Transient Occupancy Tax (TOT) is separate from the community funding request.

Council questions about the community support funding request process focused on staff outreach to potential applicants and clarification that County funding for District 3 capital improvement project funds for the bridge replacement is separate from County funding for non-profits and community services.

There were no public speakers for this item.

Council discussion focused on the point-in-time homeless count conducted by the RTFH, and the DMVA's request for \$50,000 in Community Support Funding and staff recommendation to fund their request at \$25,000.

IT WAS MOVED BY MAYOR GAASTERLAND AND SECONDED BY COUNCILMEMBER MARTINEZ THAT THE COUNCIL GUIDANCE IS TO SUPPORT STAFF'S RECOMMENDATIONS FOR THE COMMUNITY FUNDING REQUESTS AND THAT THE DEL MAR VILLAGE ASSOCIATION (DMVA) EXTRA REQUEST OF \$25,000 BE RE-EVALUATED WITH THE FISCAL YEAR 2021-22 PRELIMINARY YEAR END RESULTS IN OCTOBER. (VOTE 5-0)

Ayes: Mayor Gaasterland, Deputy Mayor Worden, and Councilmember Druker, Martinez and Quirk;
Noes: 0; Absent: 0; Abstain: 0

COUNCIL RECESS

Council took a short recess from 11:10 to 11:15 am.

ITEM 3: PROPOSED FISCAL YEARS 2021-2022 AND 2022-2023 OPERATING & CAPITAL BUDGET (CLERK'S FILE NO. 202-1)

A presentation was provided by Interim City Manager Jones and Finance Manager/Treasurer Molina.

There were no public speakers for this item.

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Council questions on the budget summary focused on what the difference is between the general fund balance and the general fund contingency.

Council questions and comments on revenue assumptions focused on transfers; the relationship between Planning & Community Development Department activity and property tax increases; increased parking meter revenues related to California Coastal Commission Coastal Development Permit (CDP) and if the City assesses meter rates in comparison to other agencies in the area; administrative charges to the Measure Q fund; support for the proposed conservative approach used to project revenues this budget cycle while continuing to monitor revenues as the economy recovers from the COVID-19 pandemic; the junior lifeguard program and revenue generated from that program; causes for the 2% decrease in valuations for property taxes related to the decreased Cost of Living Adjustment (COLA) for the year; and increased activity at the Fairgrounds later this year and in 2022.

Council questions and comments on operating expenditures focused on whether contractual services expenditures include legal services; confirmation that the proposed budget includes merit increases for staff and that the staff furlough will end July 1, 2021; and rationale for the proposed budget related to legal services for the monthly retainer and special projects.

Assistant City Manager Kristen Crane, provided a presentation on the City Manager's Office department budget. Council questions on the City Manager's Office department budget focused on the decreased projected budget and costs for Sheriff services; legal service projected expenditures for FY2022-23; budgeting for the Senior Management Analyst position; and the auto allowance and benefits for the City Council division budget.

Interim City Manager Jones provided a presentation on the Administrative Services Department budget. Council questions and comments for the Administrative Services Department focused on continuing Zoom meetings for the City Council and other committees; IT servers being physically present at City Hall and consideration to moving storage entirely to the cloud; possible security improvements for IT systems; and proposed increases to the Television Studio budget in FY2021-22 and FY2022-23.

Planning & Community Development Director Joseph Smith provided a presentation on the proposed Planning & Community Development Department budget. Council questions and comments focused on the proposed department reorganization and increased capacity to work on long range planning projects; the scope of the Code Enforcement officer's enforcement efforts; and Council support for the department restructuring.

Community Services Director/Chief Lifeguard Jon Edelbrock provided a presentation on the proposed Community Services Department budget. Council questions and comments focused on the seasonal Beach and Community Patrol Officers assisting with code compliance; the Humane Society animal control contract budget; and if the Powerhouse Community Center maintenance budget covered the park and beach as well.

Assistant City Manager Crane provided a presentation on the Fire Services Department proposed budget. Council questions and comments focused on the cost of rent for the Fire Station building through a lease agreement with the 22nd District Agricultural Association; and consideration of purchasing an electric or used vehicle for the new Fire Department pick-up truck.

Public Works Director Joe Bride provided a presentation on the proposed Public Works Department budget. Council questions and comments focused on the plan for future use of recycled water and

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if it is budgeted; water utility fund and the clean water program operating revenue projections; difference between storm water and clean water and the related funding sources for both; funding for the Principal Engineer position; if the current proposed budget is adequate to maintain the City's facilities; if the City generates any revenue for sale of wastewater to the reclamation plant and the potential to approach the San Elijo Joint Powers Authority (SEJPA) about the City having a seat on the SEJPA Board; and how priorities are set for tree trimming and consideration of trimming trees for view protection.

Finance Manager/Treasurer Molina presented on the equipment replacement fund. Councilmember questions and comments focused on the potential to purchase a used pick-up truck for the Fire Department.

ADJOURNMENT

The Mayor adjourned the meeting to Monday, May 24, 2021, at 3 p.m.

MAY 24, 2021: RESUME BUDGET WORKSHOP– DAY 2

CALL TO ORDER

Mayor Gaasterland called the meeting to order at 3:00 P.M.

ROLL CALL

Present: Mayor Terry Gaasterland; Deputy Mayor Dwight Worden; Councilmembers Dave Druker, Tracy Martinez and Dan Quirk

PLEDGE OF ALLEGIANCE

Mayor Gaasterland led the pledge of allegiance.

PUBLIC COMMENT

None.

CITY COUNCIL BUSINESS

Continuation of Item 3 from the May 22, 2021, Special Meeting Agenda - Proposed Fiscal Years 2021-2022 and 2022-2023 Operating & Capital Budget

There were no public speakers for this item.

A presentation on capital projects was provided by Finance Manager/Treasurer Molina and Public Works Director Bride. Council questions focused on the increases to the cost estimate for the Camino del Mar Bridge Project and local match; specific amount of the federal grant received for the Camino del Mar Bridge Project; status of the 29th Street seawall project; status and funding of the sand replenishment program; City Hall and Civic Center maintenance program; whether the City is budgeting and planning for potential sea-level rise impacts to the Public Works offices and the Fire Station due to their location in the flood plain; amount of funding for Capital Improvements Projects coming from the general fund versus federal or grant funding in each fiscal year; clarification on the process for receiving Prop 68 grant funding for the tot lot improvements project; consideration of moving the tot lot improvement project from FY2022-23 to FY2021-22; and the public process for considering adding pickle ball lines and establishing rules for use at the tennis courts as part of the tennis court resurfacing project.

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A presentation on special projects was provided by Finance Manager/Treasurer Molina, and Planning & Community Development Director Smith. Council questions focused on accessory dwelling units (ADUs); budgeting for the rail fence assistance programs; number of Trees, Scenic Views, and Sunlight (TSVS) filings received this year; what would be included in the unfunded streamline/overhaul of TSVS special project; the digital archiving Tier 1 project; timing for completion of the San Diego Association of Governments (SANDAG) safe crossing study; the cost for the TSVS ordinance streamline/overhaul project; desire to complete the Tier 2 Sand Compatibility Opportunistic Use Program (SCOUP) Permit Implementation; benefits of completing the business support/parking changes; and a potential update to the 2004 building fee schedule.

Council consensus was to direct staff to look for ways to fund the SCOUP permit implementation, business support/parking changes, and the update to the 2004 building fee schedule in the final FY2021-22 and 2022-23 Capital and Operating Budget, with the 2004 building fee schedule as the lowest funding priority.

A presentation on Measure Q funds was provided by Finance Manager/Treasurer Molina. Council questions focused on the Measure Q funding for the undergrounding project and Shores Park planning, including cash flow modeling and if financing/borrowing has been considered, and if work on the Shores Park project is budgeted in this budget cycle.

A presentation on general fund reserves was provided by Finance Manager/Treasurer Molina. Council questions focused on consideration of removing the economic uncertainty fund; consideration of the transfer from the general fund back to the Measure Q fund; and the original rationale for the economic uncertainty fund.

Council discussion focused on elimination of the economic uncertainty reserve fund and transfer back to the general fund; consideration and possible timing for transferring money from the general fund to the Measure Q fund for the expenses related to the streetscape project; funding for the housing reserve fund; and the optimal percentage of reserve funds.

Council consensus was to eliminate the economic uncertainty contingency fund; support staff's recommendation related to Housing Reserve funding; and to hold off on considering a potential transfer of funds from the General Fund to Measure Q for previously reimbursed expenses related to the Downtown Streetscape Project until in FY 2024.

Interim City Manager Jones discussed next steps in the budget process, which anticipates staff returning to Council with the final proposed budget on June 21, 2021. Presentation of the preliminary financial results for FY2020-21 to the Finance Committee and City Council is planned for October 2021, and the mid-year update for FY 2021-22 will be presented to the Finance Committee and Council in February 2022.

ADJOURNMENT

Mayor Gaasterland adjourned the meeting at 5:13 P.M.



Sarah Krietor, Acting City Clerk