

**SPECIAL CITY COUNCIL MEETING  
CORONADO CITY HALL COUNCIL CHAMBER  
1825 STRAND WAY  
CORONADO, CALIFORNIA  
TUESDAY, MAY 22, 2007, 3:00 P.M.**

The Special City Council Meeting was called to order at 3:00 p.m.

**1. ROLL CALL:**

**Present:** Councilmembers Downey, Monroe, Ovrom, Tanaka and Smisek

**Absent:** None

**Also Present:** City Manager Mark Ochenduszko  
City Clerk Linda Hascup

**2. COMMUNICATIONS - ORAL:**

- a. **Bob White, Foundation for the Veteran's Home of California, Chula Vista,** provided information on services offered by the Chula Vista Veteran's Home and that they appreciate the annual funding from the City of Coronado.
- b. **Gene Kemp, 736 F Avenue,** commented that Golf Course maintenance costs seem to be high. They have now escalated to \$2.463 million. He urged the City Council to closely scrutinize that for absolute need and requirements. He pointed out the unfunded project to refurbish the existing bunkers that has needed to be done for some time. He doesn't believe it makes sense to add new bunkers when the existing bunkers need to be refurbished. He proposed that the City Council consider using the \$500,000 to fund the bunker refurbishment item, and put items 13, 16, and 17 on hold. He also recommended that the City Council support the youth diversion services budget item.

**3. CITY COUNCIL BUSINESS:**

**3a. Workshop on Proposed Two-Year Financial Plan for Fiscal Years 2007-08 and 2008-09, including Review of Operating and Capital Improvement Program Budgets; and Consideration of Community Organization Requests for FY 2007-08 and FY 2008-09 Funding.** City Manager Mark Ochenduszko provided an overview of the budget process, reviewed the current year and next year work plans, offered highlights of the FY 2007-08 and FY 2008-09 proposed operating budgets, reviewed the 7-year General Fund projection, community organization requests and Capital Improvement Program.

The current year work plan included the initiation of the construction of the Senior Housing project, adopted a second Owner Participation Agreement with the Hospital and completed and opened the temporary Animal Care Facility. The City has also completed the environmental review and design of the permanent Animal Care Facility. The City has been very involved in discussing the airport land use compatibility plan for NASNI with North Island. That is not completed yet but the first draft is forthcoming. The North Beach restroom and lifeguard tower will be completed before summer is in full swing. The Marina redevelopment project was financed with a General Fund loan and a new Marina rate structure was adopted. The Glorietta Bay shoreline restoration is in the process of being completed as well as the new dock facilities. They are expected to open in the July/August time frame. The City has completed a study of the financial feasibility and the physical condition of the Village Theater. The Agency Board has given staff direction to entertain new discussions with the property owner to reopen the theater. That process is in progress. The Transbay Sewer Line is on schedule and under budget. A very innovative approach was used to get that project done. Phase I and Phase II of the Cays drainage repairs were completed through another innovative methodology. Design of the Boat House/Clubroom has been initiated. Bid documents for the Marina building and the last phase of the Promenade and Strand Way improvements have been completed. The City has completed the environmental review and design of the Lifeguard Service Building. The City has also been actively engaged in the design and construction of the Third Street Gate. The Fire Department has provided National Incident Management Standards training for all City employees. The Children's Library Portal has been completed and installed. The City negotiated a very difficult three-party land swap between the Yacht Club, the Port District, and the City which will enable the construction of the Yacht Club Promenade project. New parking meters have been selected and contracted for installation. The Public Services Department has taken on and completed a project to rehabilitate the Glorietta Bay boat launch dock. The City completed the study for the 7<sup>th</sup> and D open space, and the construction of the Lawn Bowling Green has been approved for that site.

The City mission in developing the two-year financial plan before the City Council involved the following: continuing to focus on completing Capital Project programming; implementing the use of new facilities (Lifeguard Tower and new beach restrooms); consideration of economic forces; replacement of critical equipment; and, no programmatic changes. Staff continues to go about doing the City's work in ways that provide continuous improvement within the budget constraints and living within the resources that are available.

The work plan projects suggested for the coming year include:

- Construct Marina support building
- Evaluate electronic data imaging for City records
- Implement on-line business license application and renewals
- Issue a Request for Proposals for audit services
- Complete GASB 45 actuarial study of OPEB liability
- Develop citizen donation acceptance/use procedures
- Implement updated website
- Complete mid-term review of CDA implementation plan

- Negotiate revised OPA for opening of Village Theater
- Rehabilitate L/M housing units at 525 Orange Avenue, 840 G Avenue, 440-450 Orange Avenue, 225 Orange Avenue
- Participate/complete Regional Beach Sand project
- Revise Historic Resource Ordinance regarding zoning incentives and variances
- Coordinate HDC public improvements (Dana median, streetscape, entry garden)
- Implement art projects for Marina building and Yacht Club Promenade
- Acquire fire apparatus
- Train staff to operate fire apparatus
- Implement lifeguard service from new tower
- Construct Animal Care Facility
- Establish joint group to evaluate Cays seawalls assessment district
- Evaluate options regarding Coronado Avenue perforated pipe
- Design and begin construction on: Boat House Clubroom, Yacht Club Promenade, Lifeguard service building, Coronado Rotary Park
- Open and transition Animal Care Services into new facility
- Plan and conduct Golf Course 50<sup>th</sup> Anniversary
- Purchase and install Golf customer tracking software
- Rehabilitate interior of Golf Course Clubhouse
- Open Library coffee cart service
- Install pedestrian lighting along walkway north of Library
- Install drinking fountain in Mathewson Park
- Design new Tennis Center building
- Install dog wash at North Beach
- Replace street name signs
- Conduct sewer rate study
- Study alternative uses for abandoned Transbay sewer line

In preparing the financial plan, it was developed in consideration of what has been past Council direction which is to run a lean organization that provides good quality programs and services. Programmatic changes have been made in departments throughout the years. For this budget there are not substantial program or service changes proposed. There is a positive General Fund revenue situation for the City, although there are things that erode away at that that are being paid close attention to. Staff is focusing on the Capital Improvement Program; Workers' Compensation reserves need to be augmented; critical pieces of equipment are being replaced; Police Department divisions will be consolidated from 12 to 4; and, a separate Human Resources division will be created within the Administrative Services Department.

Mr. Ochendusko announced that the budget is and will continue to be balanced. Revenue exceeds operating expenditures. That will change over time. The City manages its budget to the category level. The categories are personnel, services, and supplies. The City does not allow transfers from personnel to non-personnel categories. There is no substitution within line items for capital outlay. The two-year budget before the City Council today will lead to the adoption of this budget at the second City Council meeting in June. That means that the first year is an

appropriation and the second year is a plan. The FY 2008-09 appropriation occurs in June 2008 with updates as needed.

A summary of the operating budget for FY 2007-08 shows an increase of about \$2 million in revenues over what was projected with the mid-year budget from FY 2006-07. There are some anomalies that are occurring this year in the General Fund that allow for that \$2 million increase. An increase of 6.2% is due to more hotel rooms coming on at the Hotel Del Coronado. On the Operating Expenditure side, staff is recommending a 7.8% growth. All funds show a reduction of 6.9% total operating funds in revenue, mostly attributable to the SAFETEA Grant for the Tunnel Project. Operating Expenditure growth is 4.8% in all funds.

Leslie Suelter, Director of Administrative Services, added that the proposed budget is posted on the City website. She focused her comments on the General Fund summary of the budget. The City is looking at a 6.2% increase in General Fund revenue. That is a conservative projection and it is preliminary in that the City is still awaiting the final projections from the County Assessor. Increases have been projected in three major areas: property taxes; increases in the Transient Occupancy Tax; and, investment earnings. The City is proposing to repay to Wastewater, on behalf of the storm drain, \$1.6 million of the loan that was made previously and will be absorbed by the General Fund.

Ms. Suelter reviewed the changes in General Fund expenditures for FY 2007-08. The total change to the General Fund for FY 2007-08 is \$2.5 million or 7.8%. She also reviewed proposed staffing adjustments. Departmental budget highlights were reviewed. She also reviewed changes in other funds in the operating budget, saying that there are very few changes in the FY 2008-09 at this point. They will be updated once staff has current year salary and benefits included. This will be reviewed again in June of next year.

Looking at the multi-year projection, staff conservatively projects revenue and expenditures and these will change over time. The significant projects are programmed in for FY 2008-09 as well as ongoing support of street projects. The City is currently meeting the minimum reserve requirement and that will be reviewed again in the fall.

Mr. Ochendusko added that there is a trend of expenditures growing faster than revenues. Other cities are ahead of Coronado in this experience, but it will occur in Coronado. There will be a decrease in the General Fund fund balance this year as a result of the operating budget and the capital projects that are being funded out of the General Fund. The City is funding a fair amount of capital projects out of the General Fund. There is pressure on the General Fund that comes from the Gas Tax being flat and the City not wanting or being able to reduce the amount of work that is done in the streets or right-of-way. That will result in increasing demand on the General Fund. This is being seen now and the City needs to be prepared for that. There will be increasing demand for storm water management out of the General Fund. In the current year it is projected to be a little over \$400,000 of General Fund money that should not be going toward this, but the fact of the matter is that there is no other revenue source to pay for it. All cities are wrestling with this as public policy from the nation and state wrestle with the Clean Water Act and the implications for the environment related particularly to water resulting from what was an acceptable process for storm drain management that increasingly no longer is. The City will

need to pay more attention to vehicle amortization and staff will be making some recommendations for that along with updating reserves for natural disasters and for economic disruptions.

Mr. Ochenduszko summarized that the budget is balanced with revenues equal to or exceeding operating expenditures. The City has a strong General Fund financial position that comes from conservatively providing the programs and services of the City along with some good revenue producing sources in the community. The City is looking at positive revenue growth because of the anomaly of hotel rooms coming on line. The City is still feeling the tail end of assessed valuation increases despite the fact that the housing market, state-wide and nationally, is going flat or flatter.

Councilmember Downey commented that, because the legislation hasn't passed yet the City doesn't know whether Coronado will have additional requirements for storm drain runoff, but the City can cover what the requirements are right now. She asked if when the legislature acts, will the City have additional funding if secondary treatment or something else is needed.

Mr. Ochenduszko responded that is not yet resolved. If the City has to make adjustments it will make them. One of the things the City is embarking on in the coming year is a sewer rate study to prepare for addressing both the treatment needs as well as the transport and infrastructure needs the City has. The City will balance its options when that study is done and has better information about what is going to happen with secondary treatment.

Councilmember Ovrom referred to the summary of the General Fund. He sees no growth in operating revenue from a year ago to a projection for this year and then a rather sizeable increase for the proposed FY 2007-08.

Mr. Ochenduszko explained that the big jump will come from over \$1 million increased receipts in TOT. Investment earnings have been particularly low and interest rates are rising. Staff is projecting a 34% increase in investment earnings in the City's portfolio over what has existed in the past. Staff does project revenue increases fairly conservatively and lives within the expenditures that the City Council adopts in the budget. That is one way the City budget differs from the private sector. In the private sector, the budget is sort of a financial plan. For a city, not only is it a financial plan but it is also an appropriation limit.

Councilmember Monroe said that over the last six months he has heard people say over and over again that Coronado can afford the best. Mr. Ochenduszko called the budget balanced but, in fact, the City is dipping into the General Fund Reserve in this budget. It is important that the public understand that the City has started to eat into the General Fund Reserve in the last two years, which is a different course than this Council and the City has been on for the last eight or so years. He doesn't object to any of that but he wants to make sure it is clear to people.

Councilmember Tanaka stated that he is very happy with the report and asked if, under the Budget Message, there could be a snapshot of where the City gets its money from. He would like to create a separate line item for what the Hotel Del brings in all by itself. It may not be necessary as part of the budget document, but it would help everyone understand the budget. He

is interested in seeing, year to year, how much money the Hotel Del brings in under TOT and property tax.

Ms. Suelter responded that information such as that is considered proprietary and property of the Hotel Del and by law she is not allowed to reveal the TOT of individual hotels due to the information it would give a competitor. She could provide it in an aggregate with three or four properties listed. Mr. Tanaka still thinks it would be worthwhile to see this information for the top three or four contributors.

Councilmember Downey said she is curious as to whether or not there is a way to break out what the City brings in from restaurants as opposed to other sales tax. Ms. Suelter believes that it is possible to extract that information, but it may require quite a bit of work to get at it.

Mayor Smisek commented that the City Manager has again presented a very favorable budget. The direction that has been given to the City Manager goes back to when he was hired. There has not been a City Council since that time that has changed that direction. If the general feeling in the City, either on the City Council or in the public, is that this is not the direction people want the City to go, that needs to be stated. Currently the direction has been to operate a lean, mean City with no increases in the items that are offered unless they are taken one or two at a time. Staff numbers are steadily maintained. He is very proud of what the City Manager has done and what the City Councils have done to keep the City under control.

## COMMUNITY GROUP FUNDING

Mayor Smisek moved on to the discussion of community organization requests for funding. He explained that those groups who request the budgeted amount, which includes a 2% increase, are not required to testify unless a City Council member has questions or requires some sort of explanation.

Mr. Ochenduszko commented that the budget includes funding for community organizations that provide some benefit to the community through programs or services. An increase of 2% over the previous budget of \$867,000 has been factored in for a total of \$874,000; however the requests total over \$1 million. Proposals have been provided from each of the requesting groups.

Mayor Smisek read the list of organizations requesting the budgeted amount to be voted on as a group as follows:

<u>Organization</u>	<u>FY 08 Approved</u>	<u>FY09 Approved</u>
Chula Vista Veterans Home Support Foundation	510	520
Coronado 4 <sup>th</sup> of July Committee	13,200	13,200
Coronado Chamber of Commerce	86,900	79,400
Coronado Community Band	5,570	5,670
Coronado Floral Association	17,850	18,210
Coronado Historical Association & Visitor Center	345,340	352,250
Coronado MainStreet	86,936	88,675
Coronado Memorial Day Committee	1,530	1,560

Coronado Promenade Concerts	1,020	1,040
CUSD: Family University	31,220	31,830
CUSD: Middle School After School Homework Assistance	10,830	11,040
Miss Coronado Pageant	1,530	1,560
Police Juvenile Diversion Program	20,600	21,010
San Diego Fleet Week Foundation	10,620	10,820
Sharp Coronado Hospital: Project Care	3,590	3,660

Mayor Smisek pointed out that the Coronado 4<sup>th</sup> of July is being approved for more than a 2% increase due to the City agreeing to pay additional insurance costs. The Chamber of Commerce has requested a little additional for printing of a community brochure this year and for the community band and holiday parade. Coronado Historical Association and Visitor Center is under a contract which will be negotiated again the following year. Coronado Mainstreet's additional increase is due to them not having received 2% in the previous year's budget.

**MSUC** (Tanaka/Downey) moved that the City Council appropriate the FY 07-08 funding for the community organizations with a 2% increase from the prior fiscal year, as listed, and to approve a follow-on 2% increase in funding requests to be considered for appropriation when the FY 08-09 budget is reviewed.

**AYES:** Downey, Monroe, Ovrom, Tanaka and Smisek  
**NAYS:** None  
**ABSENT:** None

Mayor Smisek opened the floor to the remaining community groups to make presentations.

### **Coronado Art Walk**

Courtenay McGowan described the success of the first Coronado Art Walk. She said the atmosphere of the Art is special compared to other events. It was not commercial. It had interactive displays and activities for the public. The Art Walk partners with MainStreet, COSA, Public Art, Ferry Landing and Art in the Park. A double-decker bus was used to connect both ends of town. She said it is what Coronado is all about. This year they plan to use two double-decker buses with docents. She explained that they are not quite there yet as far as funding is concerned.

Mayor Smisek asked for an explanation of the credit balance in the Art Walk budget. Councilmember Downey asked if the proceeds from both the Art Ball from '06 and '07 go to help pay for the '06 Art Walk.

Ms. McGowan responded that the '06 Ball funds went to the '06 Art Walk. The leftover '06 money went into the '07 Art Ball. The '07 Art Ball made \$20,000. The \$20,000 will then go into the '07 Art Walk. Every year the expenses will continue to go up. The next Art Walk will cost in excess of \$30,000 and they don't have that much money. There are still things that are being worked out and she doesn't have all the figures yet.

Councilmember Tanaka tried to get clarification. He thinks that the City Council needs to get a feeling for how much the fund has in its account right now.

Ms. McGowan explained that they have the \$20,000 from the Arts Ball to plan this Art Walk with. She is the one who went out and got all the ads and she hopes she can do so again. The artists pay the cost of the tents, but not a fee to participate. She has no guarantee that she will be able to pull it off at the same level.

Mayor Smisek commented that it appears the Art Walk has the seed money this year that it needs in that it has a positive balance. He added that it is difficult to continue to fund groups when the funding is requested as a one-time request to get a project off the ground and then more funding is requested when such a group has alternative funding sources. The Art Walk and the Art Ball appear to have been successful and should be able to self sustain.

Councilmember Monroe understood when this first came before the City Council that the Art Walk was going to take place from the Ferry Landing to the Historical Association. The businesses would stay open and it would bring a lot of people in to shop and benefit the entire community. He likes how it turned out but wondered why it changed. Mr. Monroe loves what the Art Walk has done but at the same time he is not sure of the financial need.

Ms. McGowan explained that the original vision too large and it better to focus in one area near the downtown area, near the restaurants and stores. The Ferry Landing was included because many attendees came in on the Ferry and traveled on the double-decker bus through town.

Mr. Ovrom believes there are two sources of funds, the Art Walk and the Art Ball. Those are also the two expenses. It seems more like a cash flow issue.

Ms. Downey suggested that a final decision be put off to allow for the Art Walk to prepare a full worksheet that shows income versus expenses. Maybe the City Council will not need to give another \$10,000, but perhaps a lesser amount would be reasonable.

Mr. Tanaka said he is excited about this event. He said he wants to be on the record that he didn't vote for seed money. He voted to fund the event and thinks that \$10,000 is a modest amount to continue to fund a worthwhile project. He interprets the financial statement as the \$8600 being grown into \$20,000 with a successful event. He doesn't understand why the City Council would punish them for doing it right. He also thinks that, if one subtracts the City's \$10,000 from the \$8600, they lost money. He said he would be willing to compromise and wait until better financial numbers are available.

Mr. Monroe commented that other groups, such as the ROTC, have been provided seed money. He is willing to go with the suggestion of getting better numbers. It was a good event. The City Council supports the Flower Show in the spring and he would be willing to support the Art Walk in the fall.

Mayor Smisek agreed that if the City Council can see something it understands it would be happy to support the event. Mayor Smisek would like to see a better picture of the finances on this event so that it makes better sense. Maybe the funding could be something like \$5,000 for this year and \$2,000 next year to show progress so that it will be able to carry itself.

**The City Council agreed by consensus to review the request after more understandable accounting of the Art Walk finances is provided.**

### **Coronado Playhouse**

Mayor Smisek explained that the Coronado Playhouse budget for FY 2007-08 is \$15,920 and they are asking for \$30,000. For FY 2008-09 the budget is \$16,230 and they are asking for \$30,000.

Councilmember Monroe recalled that, in the 1990s, the Playhouse was run and acted in by Coronado residents. He questioned what the community resident involvement is in the community Playhouse currently. It seems that it has lost the 'community' part of it.

Councilmember Tanaka asked how much rent the City charges the Playhouse.

Linda Rahn, Director of Recreation Services, explained that the Playhouse pays \$1,000 per month plus 12% of their concession sales. No rent was collected when the Playhouse was closed. The City pays the electrical.

Mr. Tanaka thinks it is pointless to fund \$15,000 and then ask for it back in rent. It used to be a rent-free facility. He suggested that instead of increasing the funding the City could give them the facility rent-free and to waive the concession percentage.

Councilmember Downey agrees that rent-free seems appropriate. She explained that the closure was caused by flooding due to their equipment being moved to the wrong area. She is sorry they lost the money but doesn't feel a compelling need to repay lost money under those circumstances. She will support the Art Walk when it comes back. She also questioned how many Coronado citizens participate in the community theater. She is not sure if there is any impetus for the \$20,000 largess in this budget. She agrees that the City could give a break on rent or concessions but is not open to the \$20,000 because they couldn't put on their show.

Mayor Smisek said he could also see doing that in lieu of giving them any money.

Ms. Rahn explained that the rent is \$12,000 a year. The 12% of concession sales comes to between \$300 and \$500 per six week show. It is an insignificant amount but it matches what the City charges all other caterers who use the facility.

Mr. Monroe understands that the City is trying to run the Community Center like a business. There are books to balance. He asked if all the City Council takes away this \$15,000 income

from the Community Center if it would cause a problem in the books. The money is certainly being washed through, but he is interested in keeping the Community Center clean in the books.

Based on Mr. Monroe's comments, Mayor Smisek suggested giving the Playhouse the budgeted amount of \$15,920. Mr. Monroe concurred.

**MSUC (Smisek/Monroe) moved that the City Council approve the funding amount of \$15,920 for FY 2007-08 and \$16,230 for FY 2008-09 for the Coronado Playhouse.**

Mr. Ovrom commented that he has no problem with keeping the funding where it is at \$15,920. However, the City subsidy to them is considerably more than that if you take into consideration the electricity and depreciation, etc.

Mr. Ochenduszko added that this isn't just a collection of money and a pay back. The amount of money that is provided to the Playhouse is to support community theater and the City Council provided it even when they weren't in a City facility. The rent rate that is charged is both to create a stake in the condition and the care of the facility and to offset the cost of the utilities. That rent rate is a reduced rate given the size and use of the facility. That is a subsidy as well.

**AYES: Downey, Monroe, Ovrom, Tanaka and Smisek**  
**NAYS: None**  
**ABSENT: None**

### **Coronado SAFE**

Mayor Smisek explained that the budgeted amount for SAFE is \$76,500 for FY 2007-08 and \$78,030 for FY 2008-09. The requested amounts are \$85,000 for both years.

Samantha Bowman, Executive Director, SAFE, announced that they have changed their 501c3 status and are no longer a foundation. She provided statistics for the City Council that explained the request for increased funding. They are seeing more children. Some of the children they see are referred to them by Coronado Response Group and the Police Department, but an increasing number of youth are referred to them by parents. SAFE is very pleased to see that and to know that SAFE is known throughout the community and thought of as a resource for parents, however, that does increase their time spent and their cost. SAFE is looking for grant money from other agencies, but the reality is that grant monies are going to low income minority populations.

Councilmember Tanaka asked if Ms. Bowman expects to see the same situation next year. She responded that it is possible but she is doing some creative fund requests. Other organizations like SAFE work a little bit differently in that they subcontract for services. In that case, SAFE would subcontract with the City and with CRG or with the schools or with parental groups to provide the services they provide. SAFE is working on looking into those kinds of arrangements. She is also going after corporate funding and has been doing so for about a year.

She hasn't had the results she would like to see, but still sees hope for that resource. Other substance abuse prevention groups throughout the County have specific work plans with deliverables that are required to receive their funding. She has done that for the City Council. She would like the City to see that with other organizations as well.

Councilmember Monroe sees this same item year after year. SAFE seems to be doing great work. He asked if residents and parents have stepped up in support of SAFE. It seems the community response to SAFE hasn't quite gelled in Coronado. Ms. Bowman responded by saying that they will never be quite as attractive as puppies. Kids on drugs are not fuzzy and warm and sweet. She does community talks and tries to show them the funds that prevention saves. Prevention is hard to prove. She agrees that the parents should be more involved. Out of the 56 youth with 9 cases pending that they handled in the last fiscal year, only two parents came into the office and interviewed or sat down with them and offered to help SAFE and their children. Ironically, the children who end up in SAFE and cost the City money are there because of a lack of parental supervision or caring.

Mayor Smisek commented that this was another one that started out with the City helping to get it going and then they would eventually be self sufficient. That didn't work. The City then bit the bullet and decided to fund it. It has been divided up into different groups to be able to be funded differently. This is almost the type of thing where this is a fee for service. He would like to be able to justify the increases with some kind of data. He could support the recommended increase and have them come back mid-year with more information to make it clear that this is a necessary increase.

Councilmember Ovrom has his history on this from his school board years. It doesn't seem that anything has changed fundamentally since those days. He wonders why the children aren't worse than they were with the parents they had. This problem seems worse than before and the drugs are worse and more available. He is surprised by the truth. These are the City's youth and it is the City's community. He would rather spend the money here than in some other places before this is the City's community. When it comes to the youth, he would like to help out here before helping out some of the adults.

Councilmember Downey said she is a member of SAFE and is hopeful that her busyness as a parent doesn't send her kids in that direction. She is happy to spend money here and encourages everyone to support it. She asked to fund the current budgeted amount and ask SAFE to come back with a plan with more information.

**MSUC (Downey/Ovrom) moved that the City Council approve the funding amount of \$76,500 for FY 2007-08 and \$78,030 for FY 2008-09 for Coronado SAFE.**

**AYES: Downey, Monroe, Ovrom, Tanaka and Smisek**  
**NAYS: None**  
**ABSENT: None**

**Coronado Senior Center**

The budgeted amounts are: FY 2007-08 - \$13,770; FY 2008-09 - \$14,050. The requested amount is \$15,000 for FY 2007-08 and \$27,000 for FY 2008-09.

Shirley Sullivan, Treasurer, Coronado Senior Association, thanked the City Council for the supplemental financial support for the last 10 years to operate the Senior Center. They started with a \$10,000 base in 1997. She said their yearly budget of \$37,000 is going to rapidly deplete the \$66,000 of savings, requiring additional assistance as they move forward to serve the baby boomers who will one day use the Senior Center, the lawn bowlers, the seniors from the new low income senior housing complex and the many seniors who visit, as well as their 253 members who volunteer hundreds of hours yearly.

Councilmember Tanaka questioned the rationale for \$27,000 for salaries in FY 08-09.

Ms. Sullivan responded that, because they have \$66,000 in the bank that they should use their funds before asking for additional funding from the City. The two part time employees' salaries add up to \$27,000.

Mr. Tanaka said he is most interested in coming to a number that gets a group solvent and asked if \$27,000 will solve the problems. Ms. Sullivan explained that annual they receive \$5,000 from bingo games, \$6,000 from membership, and various other fundraisers that bring in smaller amounts. They have had one \$5,000 memorial in the last five years. Ten years ago they received \$47,000 and \$35,000 from people in town. They collect cans and they have one breakfast a month that makes no money. Mr. Tanaka questioned whether the City Council wants the Senior Center to eat into their savings.

Councilmember Monroe thinks that current support and attendance at the Senior Center is diminishing. He said that the baby boomers are different than the previous generation. He is not sure things will continue as they have. There are seniors at the Community Center playing duplicate bridge and contract bridge. There may be competing interests. He thinks that the City Council might want to put a task force together to look at the mission and vision of the Senior Center. The City could fund this at the program level and start a strategy to see what the City really wants to have happen at that complex.

Mayor Smisek agreed with Mr. Monroe's comments. He suggested that the Senior Center be funded for the first year, create the task force Mr. Monroe suggested, and report back prior to the second year to then make a determination of which to do.

Councilmember Ovrom pointed out that if one looks at the proposed budget that it is in balance for 2007 and it assumes \$15,000.

Councilmember Tanaka agrees that Mr. Monroe's solution is the more visionary one but he does not want to leave the seniors high and dry until then. He is inclined to provide \$15,000. He thinks the ultimate goal is to roll the Senior Center into the recreation program to give the seniors access to all the facilities, not just the one.

Councilmember Downey said she would support the \$15,000 because she appreciates a group that was willing to deplete its reserves in order to balance the budget. She also encourages the task force and suggested involving representatives of the Recreation Department and schools. There are people not of the senior age who would be more than willing to come play bingo and learn to play bridge. There are opportunities there for generating funds. She loves the idea of the new senior facility opening up one block from the Senior Center and she wants to be sure they are ready to accommodate them.

**MSUC (Ovrom/Downey) moved that the City Council approve the funding amount of \$15,000 for FY 2007-08 for the Coronado Senior Center.**

**AYES: Downey, Monroe, Ovrom, Tanaka and Smisek**  
**NAYS: None**  
**ABSENT: None**

**CUSD: Coronado Response Group (CRG) and Elementary Counseling Programs**

The budgeted amounts are: FY 2007-08 - \$67,630 (CRG), \$36,420 (Counseling); FY 2008-09 - \$68,980 (CRG), \$37,140 (Counseling). The requested funding amounts are: FY 2007-08 - \$79,060 (CRG), \$44,756 (Counseling); FY 2008-09 - \$80,641 (CRG), \$45,651 (Counseling).

Barbara Hill and Dr. Sue Coyle addressed both the Coronado Response Group and the Elementary Counseling programs at CUSD. Dr. Coyle explained that when the City Council initially approved the funding for the Elementary Counseling program in the year 2001/02 it was in the amount of \$35,000. That amount funded approximately 50% of the cost of an elementary school social worker. During the last six years the City funding has had one increase of \$700 for that program. The City funding now supports 38% of the cost of the school social worker and the District contribution has gone up over \$21,000 during those years. The return to City funding of 50% for the position, with the request of an additional \$8,336, will make it possible to get closer to what was initially allocated. Regarding CRG, the funding originally requested did fund 2/3 of the cost of the program. Since 2003 they have had a surplus of City funds due mainly to the extended unpaid leave of absence of one counselor and the shifting of some other program costs to the school discretionary funds. They haven't asked for or had an increase for CRG since 2003. That surplus has been spent down and is depleted for this coming year. The \$11,430 increase is to return the program to 2/3 funding of CRG. Debbie Schwartz, the elementary counselor, and Barbara Hill and Nicole Cohn, the CRG social workers, are making a difference in the lives of all of their children.

Councilmember Downey asked about the counseling services at the middle school and high school and asked if there is a program for military kids as there is in the elementary school. Ms. Hill responded that they only provide services at the high school. Through April 20 they served 298 students. Even though 1/3 those are for school attendance and review, there are underlying issues related to attendance and they see kids in that way.

Councilmember Monroe asked about the three offices in the new CUSD facility for the school psychologists. He asked what they do and how they interact with CRG. Dr. Coyle responded that these are 'testing psychologists' who work directly with testing, identifying, and assessing learning disabilities, and making recommendations on the instructional programs. The school psychologists, in general, do not provide counseling services to students. Mr. Monroe commented that he has watched CUSD's painful budget problems. He is delighted with the relationship as it is now between CUSD and the City. Even though this is an increase it would be hard for him not to support this.

Councilmember Tanaka said he works with Ms. Hill every day. CRG is a catch-all for so many issues. As a teacher he knows that the number one warning sign is when kids aren't coming to school. Success is based on getting kids in the classroom. There is nothing else in the District that addresses some of those issues.

Ms. Downey referred to the lack of an increase since 2003. She wondered, as was the case with some other groups, if they didn't ask an increase wasn't given.

Mr. Ovrom suggested that the difference between the request and the budget is roughly \$22,000 and he finds that well within the City's means.

**MSUC (Ovrom/Tanaka) moved that the City Council approve the requested funding amounts of \$79,060 and \$80,641 for CRG for FY 2007-08 and FY 2008-09, and \$44,756 and \$45,651 for Elementary Counseling for FY 2007-08 and FY 2008-09.**

**AYES: Downey, Monroe, Ovrom, Tanaka and Smisek**  
**NAYS: None**  
**ABSENT: None**

### **Lamb's Players Theater**

Budgeted amount: FY 2007-08 - \$31,220; FY 2008-09 - \$31,830.

Requested amount: \$95,000 for both fiscal years.

Robert Smyth, 1144 Orange Avenue, shared that the percentage of Coronadoans who attend their performances is more than twice the national average at about 9%. He reviewed the support by the City in past years. The normal municipal support for a live professional performing organization is just under 5%. Coronado has been giving considerably under 1% and they are simply asking the City Council to consider giving 2 ½%. They believe this is a conservative figure and it is something that shows both an appreciation for what they bring but also the fact that they are committed to the community and plan to stay here.

Mayor Smisek commented that all Council members had previously acknowledged meetings with Jeff Tyler from Lamb's Players regarding this request.

Mayor Smisek has concerns that he shared with Mr. Tyler. One is the participation by Coronadoans. It appears to him that, of the total attendance, the attendance by Coronadoans is approximately 10 to 12%. Many people in Coronado think the attendance by locals is much higher. He does consider the amount of business these other 88% bring to Coronado in other industries. He feels that there needs to be more participation by the restaurant groups and perhaps the Chamber of Commerce to help in fund raising because they are getting the benefit of that. Mayor Smisek is not overly concerned with the national averages because one cannot compare apples to apples in that way. He has always felt very good about the City's contributions towards Lambs because it was for the children's program. It was almost a fee for service type of thing. The contributions he has endorsed in his tenure on the City Council have always been tailored in that direction. The City does not just give away taxpayer money because the City Council likes something. Funds are appropriated for some kind of a service to the City and it should be auditable. That is why this number is difficult for him to reconcile. The City cut its marketing budget to virtually zero in the community back in the '90s and allowed the hotels to take care of marketing to bring people to Coronado. The City Council does not use the technique of paying to get marketing done to bring more people in. Mayor Smisek commented that Lambs has added beauty to the City and he thanked them for that valuable contribution. He has a concern with the amount of money and with the rationale that was given to him on why the money was asked for.

Mr. Smyth explained that they are trying to understand how to go forward and continue to exist as a viable non-profit, leading performing arts organization. To do that they need to broaden their base of support. In their history they have been able to earn 80% of their income through ticket sales. That is unheard of. They cannot continue to survive at that level. They must increase their donor base. They began by looking at the normal ways that most non-profit theaters work. They work by increasing the support from the municipality, from the business sector and from the patrons themselves.

Councilmember Downey asked why the last three years have been bad nationally for theater.

Mr. Smyth explained that it is a rumble effect that has happened after 9/11, Hurricane Katrina and the tsunamis. Non-profit charitable giving began to sway away from the arts extremely as it went to those very important needs.

Councilmember Ovrom asked Mr. Smyth to discuss some of the efforts that they have ongoing to expand their customer base. Mr. Smyth explained that they brought in a national consultant who is working with them on a strategy for a new campaign that will be a three part campaign. It will go to the normal donor base, but will primarily build a larger prospect pool. They are looking to revitalize that and rebuild it. They hope to increase their overall donor base by 5% which will stabilize that.

Councilmember Tanaka commented that this is a very difficult decision because of how subjective the number is. He can't visualize where the City's \$30,000 goes in a \$4.2 million operation. Mayor Smisek is correct when he says this is not a gift of public funds. He doesn't

like it when a group triples the amount it is asking for. This is the public's money. Lamb's can be seen as a flagship enterprise that has cultural dividends and the City does want to be an investor in it, to an extent. The City Council would need to see exactly why \$90,000 is necessary to support it, other than because it is a percentage. If he were to support the request, his caveat would be a pledge to never support another increase for Lamb's.

Mr. Smyth agreed that they are asking the City to look at Lamb's as a flagship. They are asking to be recognized that they are not a \$40,000 organization. This is a \$4.2 million non-profit organization that has to do significant fundraising throughout the community, with only a small portion from the City. The reason for the jump is in the acknowledgement of that and realizing when they first came to the City they only asked for support of the youth program. They were trying to make the case that the entire organization is a very valuable contribution to the health and vigor of the community.

Councilmember Downey wondered what the percentage of the residents' money the City Council is comfortable donating to promote fine arts. When comparing this to the Concerts in the Park, the free concerts Coronado Playhouse puts on, she wondered how to justify this kind of increase if most of Coronado residents aren't benefiting. She would like to see more outreach if she is going to be asked to give this kind of City money.

Mr. Ovrom recalls that the City Council felt comfortable with the outreach to the children when Lamb's originally received funding. He acknowledged that he and his wife are season ticket holders and his wife participates with the SRO group to gain financial support. He questioned whether this is a short term cash flow problem or if there is some danger of the City losing the theater?

Mr. Smyth responded that there is a cash flow issue. They have been working with short staffing and have had to cut back some of their programming. They are looking for ways to increase support to bring them back to health, to stay vital, and be able to do the discounts they do for various groups.

Mayor Smisek said He can't find it in himself to be able to support this kind of a funding increase and would hate to have a split vote on something like this. He suggested funding the first year with the budgeted amount as a placeholder. If Council members feel that they need to talk with Lamb's further to come up with some other kind of approach for the second year they could explore that. The City Council's rationale for contributing in the past was as a contribution towards funding for the children's educational program. If there is a different rationale for contributions, i.e. because it is a flagship or there is a desire for the business to be in Coronado, that needs to be discussed because it is a different approach than what has been done in the past.

Councilmember Monroe shares Mayor Smisek's concerns and is not persuaded to fund this at other than the program level.

**MSC (Monroe/Smisek) moved that the City Council approve the budgeted funding amount of \$31,220 for FY 2007-08 and \$31,830 (as a placeholder) for FY 2008-09 for the Lamb's Players Theater .**

Mr. Tanaka said he doesn't hear any vision other than they will continue doing what they are doing. He is not sold on a number or on the outreach program to begin with. He is in support of this as a flagship but is not sure what the right price for a flagship in Coronado is. He will vote against this motion and hope that there is another vision out there. If there is not, he is comfortable with the current level of funding.

**AYES: Downey, Monroe and Smisek**  
**NAYS: Ovrom and Tanaka**  
**ABSENT: None**

### **Navy League Sea Cadet Program**

Dr. James Cahill explained that the Sea Cadet program is a different program entirely than the NJROTC program at the high school. He clarified that the total cost of the program is \$4,000 and they are only requesting \$2,000. He does not think this will be the last time they have to come back because the Navy League has supported these people fairly well over the years but the Navy League is losing membership and they don't have the money to keep the program continuing.

Mayor Smisek summarized that the budget is for this year only and the program needs and request will be reevaluated for next year.

**MSUC (Tanaka/Downey) moved that the City Council approve funding of \$2,000 for FY 2007-08 for the Navy League Sea Cadet Program.**

**AYES: Downey, Monroe, Ovrom, Tanaka and Smisek**  
**NAYS: None**  
**ABSENT: None**

### **CAPITAL IMPROVEMENT PROGRAM PRESENTATION**

City Manager Mark Ochendusko provided the program overview. This is a 7-year Capital Improvement Program (CIP). It is the authorization to fund in the first year and is a plan for the following years. The multi-year fund schedule shows that the City has the ability to fund the projects that are identified. Staff has been through an extensive process in putting the CIP together, culminating in a review with a Council appointed CIP subcommittee that included Mayor Smisek and Councilmember Tanaka. This is a \$74.8 million CIP not including the tunnel project. The new projects that are added add safety improvements. Staff has eliminated the category of Beach, Park, and Recreation Facilities but has added a new category in the CIP called The Public Facility Refurbishment Projects. This recognizes the fact that there are major

refurbishment requirements for the facilities that the City has built. He added that, despite the fact that it is a 7-year capital improvement program, it is totally front loaded and is almost entirely within the first two years. Everything after that is a project that has to be done year after year or is a long term project. There are 23 projects currently in the works, which is a very heavy work load. There are an additional 18 projects that are proposed for the coming fiscal year.

Mayor Smisek suggested that the City Council focus on the 2-year budget portion of this. There need to be discussions on the staging of these because there is funding available, but person-hours are the more difficult part.

Councilmember Ovrom has a lot of questions about the budget, but not necessarily on the individual items. He recommends tabling this to the next meeting to give it the time it deserves. This involves the appropriation of money in large amounts. He is concerned that the public will get the impression that these things will be done all in FY07 or 08 when in fact the City will not be doing so. He would like to spend a little time on that to make sure it is what the City Council really wants to do. If the City Manager needs more money to fund construction management help to get these done, that can be seen as part of the project costs. If the Council doesn't want to do that then it can move some items into 2008 and 2009.

Mayor Smisek feels that the City Council could do that.

Councilmember Monroe would also like to do that. He has questions on 7 or 8 items. There is not enough time to make one or two adjustments. For example, he agrees with Mr. Kemp about the traps. He thinks that doing three new holes rather than fixing the traps is not reasonable. He would like to have discussion on that issue.

Mayor Smisek continued items 3b, 3c, 3d and 3e along with the CIP portion of the budget item.

Mr. Monroe pointed out that one of the items that is put off is the improvements on Adella, Pomona and 7<sup>th</sup>. This was approved in 1998 by the City Council. There are two or three designs out there. He wonders if the City could do the candlestick thing that was done at 4<sup>th</sup> and Palm or Alameda and Palm and try out a design for a while. He doesn't see why that has to be inside of a CIP program.

Mayor Smisek explained that the CIP program was to pay for it. It needs to be looked at by Engineering. There is no plan right now. That is why the City Council sent it back at that time. Two new ones were just thrown in the pot. He thinks it is appropriate for Engineering to look at it. The \$135,000 was thrown in there as a place holder that something was going to be done but there was not agreement as to what it was going to be.

Councilmember Downey suggested that when the City Council comes back to look at this there may be some projects that are pushed off which may lead to a vacuum where something can be moved up. She would like to see a cost to do the study when this comes back.

**3b. Approval of the Site Location for the Proposed Boat House Club Room.** This item was continued to a future meeting.

**3c. Recommendation on Construction Schedule for Phase III of the Downtown Enhancement Project.** This item was continued to a future meeting.

**3d. Direction to Staff on the Design of the Lawn Bowling Green Project.** This item was continued to a future meeting.

**3e. Direction on the Conceptual Design Alternatives to be Used for the Coronado Rotary Plaza Project.** This item was continued to a future meeting.

**4. ADJOURNMENT.** The meeting adjourned at 6:35 p.m.

Approved: June 19, 2007

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Tom Smisek, Mayor

Attest:

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Linda K. Hascup, City Clerk