



**CITY OF PACIFICA
CITY COUNCIL MINUTES**

**Council Chambers
2212 Beach Blvd
Pacifica, CA 94044**

Mayor Mike O'Neill
Mayor Pro Tem John Keener
Councilmember Sue Digre
Councilmember Sue Vaterlaus
Councilmember Deirdre Martin

**February 27, 2017 (MONDAY)
www.cityofpacifica.org**

Mayor Mike O'Neill called the meeting to order on February 27, 2017 at 7:05 PM

5:30 PM CLOSED SESSION.

Mayor O'Neill called the meeting to order at 5:30 p.m., stating that all councilmembers were present and announced that the Council would meet in Closed Session. City Attorney Kenyon announced the business to be discussed.

PURSUANT TO GOVERNMENT CODE SECTION 54956.8 Conference with labor negotiator. Agency negotiator: Deborah Glasser. Employee organizations: Pacifica Firefighters Local 2400; Teamsters Local 856 Battalion Chiefs; Department Directors Local 350; WasteWater Treatment Plant Employees Local 856; Miscellaneous Local 856; Managers Local 350; Ppolice Officers Association; Police Supervisors Association; Police Management Local 350.

PURSUANT TO GOVERNMENT CODE SECTION 54957 Public Employee Appointment. Position Title: Interim City Manager.

7:00 PM OPEN SESSION

Mayor O'Neill reconvened the meeting at 7:05 p.m.

Call to Order

Attendee Name	Title	Status	Arrived
Mike O'Neill	Mayor	Present	
John Keener	Mayor Pro Tem	Present	
Sue Digre	Councilmember	Present	
Sue Vaterlaus	Councilmember	Present	
Deirdre Martin	Councilmember	Present	

Staff Present: Lorie Tinfow, City Manager; Michelle Kenyon, City Attorney; Lorenzo Hines, Asst. City Manager; Van Ocampo, Public Works Director; Tina Wehrmeister, Planning Director; Dan Steidle, Police Chief; Mike Perez, PB&R Director; Kathy O'Connell, City Clerk.

Salute to the Flag led by Mayor O'Neill

Closed Session Report

City Attorney Kenyon stated that no reportable action was taken.

SPECIAL PRESENTATIONS

Proclamation - 100th Anniversary of Rotary

Kevin Mullin, Assemblymember, stating that he was also representing State Senator Jerry Hill, read a portion of a lengthy proclamation on behalf of the State of California, in honor of the Pacifica Rotary Club's 100th anniversary. He invited members to come up and say a few words.

Wendy Santiago, Rotary Club President, stated it was an honor to accept the proclamation, stating that their club felt it was also an honor to be part of an organization that has been doing good work locally and globally for 110 years, and she hoped they will be able to accept a similar proclamation from the City of Pacifica in 2117.

Rotary members then took a picture with Assemblymember Mullin.

Mayor O'Neill then read the proclamation from the City of Pacifica.

Councilmember Digre stated that they were a group that did good work and are willing to dirty their hands to beautify the city. She stated that they also do good work with the schools.

Councilmember Vaterlaus commented that their 55 years in Pacifica was also a long time and she congratulated them for that time, as well as the larger organization for their 100 years. She thanked them for all they do in Pacifica.

Councilmember Martin congratulated them and thanked them for all they do to make Pacifica wonderful.

Mayor pro Tem Keener echoed what everyone else said, and added his congratulations.

Mayor O'Neill stated that they do a lot of good work and have the best breakfast meeting in town. He mentioned some of their accomplishments, such as dictionaries for all third graders, painting the Spindrift theater, etc. He thanked them for all the good work they do in Pacifica.

The Rotary members then took a picture with Councilmembers.

PG&E Storm Outages Update - Bill Chiang

Mayor O'Neill introduced Bill Chiang, from PG&E who will report on PG&E outages during a recent storm.

Bill Chiang, PG&E, stated that he was happy to be present, and would report on three outages that happened on Friday, January 20, starting about 2 a.m. when a pole caught fire and failed, and over 2,000 were affected with the majority having the power restored within five minutes. All three outages were weather related but not related to each other. He commented that it wasn't as severe a storm as a subsequent one, but the gusts on the coast reached about 50 mph. He stated that, when winds blow like that, along with wet weather, things happen with their equipment. He stated that the other two outages happened on a transmission level and were related to the electric substation that feeds Pacifica. He stated that about 9,600 customers were affected in the first outage at 4 a.m. and all customers were restored by 6:30

a.m. The second outage at the transmission level, not related to the first transmission outage, occurred at 11:12 a.m. and all customers had power restored by 12:05 p.m. He stated that he was happy to try to answer any questions.

Mayor pro Tem Keener stated that he didn't remember the days in question, but a few houses on Adobe Drive went without power through this period for 4-5 days. He asked if he knew about that.

Mr. Chiang stated that he did not, adding that he will take the address and will be happy to look into it.

Mayor pro Tem Keener stated that it was Adobe Drive near Rosita.

Mr. Chiang clarified that, without a specific address, it was difficult to look up.

Councilmember Martin stated that she can get the address of one person.

Mayor O'Neill stated that she can email it to him later.

Councilmember Digre felt it was very valuable for people to know. She mentioned he was watching emails after hours on the weekend, and called her to tell her that it would be on in a few hours. She thought all were concerned about when it was going to end.

Mr. Chiang asked if she was asking about the outage.

Councilmember Digre responded affirmatively.

Mr. Chiang stated that, generally, depending on the outage, it was difficult to gauge a restoration time until a crew gets on site, assesses the problem and determines where the parts might be. He mentioned an outage at San Carlos City Hall which required a large long term part that they don't keep because it was not supposed to fail. He stated that someone drove to Fresno to get the part and brought it back, which made it a 12-hour outage due to the commute time.

Councilmember Vaterlaus thanked him for coming as she felt it helped the public to hear what happened. She stated that it was disconcerting when your power goes out.

Mayor O'Neill thanked him for coming and reporting what happened. He felt it was nice when you flip the switch and the power comes on.

CONSENT CALENDAR

Mayor O'Neill stated that he had a card requesting that they remove Item #3 from the consent calendar. He asked if they have a motion to approve the consent calendar minus Item #3.

Councilmember Digre stated that she cannot remember if they adjourned in honor of John Curtis. She asked, if not, that they adjourn in his honor. She stated that he was a longtime civic servant, being on the Planning Commission and Open Space Committee, and probably a few other groups.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Sue Vaterlaus, Councilmember
SECONDER:	John Keener, Mayor Pro Tem
AYES:	O'Neill, Keener, Digre, Vaterlaus, Martin

1. Approval of Disbursements for 01/10/17 through 01/31/17
PROPOSED ACTION: Move to approve attached list of disbursements for 01/10/17 through 01/31/17.

2. Approval of Minutes
PROPOSED ACTION: Move to approve the minutes of the regular City Council meeting held on February 13, 2017.

3. City Debt Management Policy
PROPOSED ACTION: Move to Adopt the Resolution Establishing the City of Pacifica Debt Management Policy

Mayor O'Neill opened the Public Hearing.

Therese Dyer, Pacifica, stated that she was bringing this up because they have a lot of new members on Council. She mentioned that Councilmember Digre was on Council in 2006 when the certificates of participation took place. She didn't know how thoroughly they read them, but it was brought to her attention that the city was mortgaging the police department and community center. She looked into it, stating that City Clerk O'Connell gave her several pages on the certificate of participation. She didn't get all her answers and talked to Asst. City Manager Hines. She stated that she wanted to know how much they paid the lawyers to draft it and she would like to know who the Board of Directors were as there were no names given. She stated that she also wanted to know how much they owe on the police station and the community center, and also the Fairmont West Park. She stated that she got an answer from a Planning Commissioner of \$27 million. She stated that someone who worked for Dolger told her that Henry Dolger put millions of dollars away at Fairmont West Park to be used only for repairs. She asked how they could be borrowing on something already secured by an estate.

Mayor O'Neill closed the Public Hearing.

Mayor pro Tem Keener moved to approve Item #3, the City Debt Management Policy; seconded by Councilmember Vaterlaus.

5-0

4. Resolution Declaring Intention to Reimburse Expenditures Relating to the Wet Weather Equalization Basin Project from the Proceeds of Tax-Exempt Obligation Bonds and Engagement of Professional Financial Advisory Services
PROPOSED ACTION: Move to adopt a Resolution Declaring Intention To Reimburse Expenditures Relating To The Wet Weather Equalization Basin Project From The Proceeds Of Tax-Exempt Obligation Bonds And Engagement Of Professional Financial Advisory Services.

5. Resolution of the City Council of the City of Pacifica Approving the Second Contract Amendment to the Agreement Between the City of South San Francisco and the City of Pacifica for Police Communications Services.
PROPOSED ACTION: Adopt a resolution approving the Second Contract Amendment to the Agreement Between the City of South San Francisco and the City of Pacifica for Police Communication Services (included as Exhibit A).

ORAL COMMUNICATIONS

Paula Teixeira, Pacifica, stated that she was representing the Pacifica Library and was going to give them updates on some programs. She stated that they were having a program on March 4 at 11 a.m. at the Sanchez Library. The speaker, Sharon Walker, will be talking about the different trails, specifically at San Pedro Park and Devil's Slide. She was also working on a program where people can pick up a day pack with a compass, maps, etc., to encourage people to get out into the parks. She stated that, on St. Patrick's Day, at 4 p.m. they will have refreshments and music. On Thursday, March 23, at Sharp Park, Mary Bier, from the Pacifica Prevention Partnership will presents facts on the use and effects of legality and other issues regarding marijuana. She stated that both Pacifica libraries were now mail back distribution sites for unwanted, expired or unused medications, with a prepaid envelope available that you can pick up at the library and mail. They have limitations, such as sharps, etc., but that is explained in the envelope.

Bridget Duffy, Pacifica, stated that she wrote a publication and she wanted to give to them as they were the inspiration of it. She stated that she wrote it after the last Planning weekend, specifically to hear back, but that part was cancelled. She was advocating that they think about doing a town hall meeting, as people are worried about a lot of different things and the public can use some answers. She stated that, between Donald Trump's ascension and her not-a-boyfriend's rejection, she was feeling down when she went to that Planning meeting, but her faith in America was restored because of the Council. She stated that she was moved that we are all involved with the process called democracy which works when you work it. She was amazed that so many people showed up. She felt that was the essence of democracy that the people's will be heard and done. She saw the wheels starting to turn in that direction on that day.

Therese Dyer, Pacifica, stated that she has not heard anything in the paper recently as to what the city's economic developer has been up to, but she felt Denny's is still closed, Spanky's is still closed, and more stores are being closed. She asked why they weren't selling the Council chambers to pay off that \$27 million. She thought that would put a dip in the city's debt, adding that it was a suggestion that she thought they won't take.

Margaret Goodale, Pacifica, stated that the following day, the San Francisco Board of Supervisors will be hearing a request to remove the Sharp Park Golf Course and the Laguna Salada natural area from the EIR, approving the 31 San Francisco natural areas, and work outside the natural area of Sharp Park. She stated that it was not about the golf course, but about Pacifica. She stated that she was sticking her neck out, adding that she has worked for RPD in San Francisco for 20 years. She believes that the natural areas were well conceived for those areas in San Francisco. She stated that the plan works with volunteers who have done fabulous things. She worked with that staff and regards them highly. She stated that what concerns her and Pacifica was the potential problem with raising of the fairways that can stop water that now drains to the golf course and the lagoon from flowing in that direction. She

received confirmation that her concern was real. She stated that the map she handed them was printed in the San Francisco EIR and shows the changes that worry her. She stated that the brown area in the northeast corner needs thorough exploration and explanation. She stated that there was a good possibility that the plan shown on the map can increase the amount of water flowing into the area along Lakeside and Clarendon. She stated that being a good neighbor requires that a property owner does nothing that can cause the water level on an adjacent property to increase, such as in this Pacifica neighborhood. She felt that San Francisco needs to show that their changes do not increase risk on Pacifica property and provide a no rise certification. She felt San Francisco should have analyzed for possible effects of flooding and reached out to Pacifica, not depending on Pacifica to stay informed about all 32 of the San Francisco natural area details. She stated that we cannot let San Francisco ignore us and possibly affect our flood insurance rates as well as the cost of more city pumping to protect Pacifica. She asked that the Council ask for a FEMA audit of any changes that may be done to the golf course. She stated that, after 40 years of seeing the changes that have happened, she wants Pacifica protected, including beaches, and wants to prevent things from slipping through from some other direction that may harm us.

COUNCIL COMMUNICATIONS

Councilmember Vaterlaus stated that she attended the police community meeting regarding the break-ins which was very well attended. She stated that there were lots of questions and good answers, and she thought people left feeling more informed. She attended the League of Cities dinner where the speaker talked about the immigration act, which she thought was interesting. She stated that the Pacifica Sports Hall of Fame was a great event, and she was proud of all the recipients.

Councilmember Martin referred to the mention of Sharp Park, stating that there was a proposal to raise a couple of the holes which affects the flood plane in Pacifica. She thought that was San Francisco property, but in Pacifica, Lakeside Way has to be drained out to the ocean when it floods. She stated that Lakeside Way should be checked for additional flooding so the community was clear on that. She stated that the Pacifica Beach Coalition had a great event, the surf movie fundraiser for Earth Day, which was a near sellout crowd. She stated that the movie was called "The Women and the Waves, II." She stated that Earth Day was April 22 and the Beach Coalition was looking for teams to tackle needy litter, gardening and habitat restoration projects. She mentioned that they can contact her or Lynn Adams or go to the website. They were also looking for needy projects, and if the public sees such a project, she asked that they let them know. She stated that Eco-Fest was shaping up, adding that Paula Teixeira does a wonderful job helping to organize it. She stated that booth reservations were now being taken, and entertainment and guest speakers were being lined up. She stated that the Library Advisory Committee meets Wednesday, March 8, at the Chamber. She stated that the Pacifica Resource Center board meeting was the following Wednesday. She attended the Emergency Preparedness and Safety Commission and sat in on one of the certification classes. She stated that there were over 200 community emergency responders in Pacifica. Their graduation was the following Saturday. She stated that the San Mateo Transportation Authority Board meets the following Thursday at the Auditorium in San Carlos. She applied for the CCAG Bicycle and Pedestrian and Advisory Committee, and thanked those who wrote letters of recommendation for her. She stated that they will make their decision on March 9. She stated that the Pacifica Progressive Alliance will meet on March 5 at the Little Brown Church. She stated that the marijuana joint study session will be meeting with the Planning Commission on March 6. She suggested that people take the survey on line, which closes the following day at midnight.

Councilmember Digre stated that she attended the Sports Hall of Fame, which she does every year because she learns a lot about Pacifica history. She attended the League of Cities meeting and learned about immigration and welcoming and sanctuary cities and other important things in California and the county on which they will be voting. She was proud to hear the mayor of San Jose say they made some errors in the water department because of the flooding in San Jose. She was impressed that he acknowledged that. She also felt proud of Pacifica's community and staff who watched all the creeks in Pacifica, but thankfully they didn't find us in the news. She stated that the Economic Development Committee meets on March 7 at the Police Station. On March 9, the CCAG Transportation Authority meets in the San Carlos SamTrans building, commenting that security is very tight. She mentioned that they had worked hard to get 21st century traffic lights, and the Council voted to request that information from the TA and they will be voting on that day as to whether to allot \$150,000 from the budget in Measure A. She hoped it goes forward, adding that the lights at Fassler and Rockaway will be better able to be sensitive to drivers, pedestrians and cyclists to determine where they are and how long and they can move the flow at a better pace. She added that this technology increases safety for all involved. She thought it was an important day.

Mayor pro Tem Keener stated that he attended a walk on San Pedro Creek organized by the San Pedro Creek Watershed Coalition. He mentioned that they have been quiet over the past 7-8 years but were picking up again as many of the members are retired now and will have the time to be more active. He mentioned traveling from the headwaters to the mouth with a lot of stops, and they looked at some old projects that are still holding up. They mentioned potential projects.

Mayor O'Neill stated that he was at the Sports Hall of Fame, Council of Cities dinner and community meeting for police. He attended the JPA for the libraries, but there was no action to report. He mentioned that he walks right through security at the San Carlos SamTrans building, joking that Councilmember Digre must look suspicious.

Councilmember Digre stated that they made her wait, and someone came down and took the paper from her.

STAFF COMMUNICATIONS

City Manager Tinfow stated that the information that Ms. Goodale shared was also sent to staff, and Public Works and Planning will be looking into the issues raised, and they will brief the Council when they learn more.

Mayor pro Tem Keener asked if she will provide that to all the Council.

City Manager Tinfow stated that she will forward to them what they learn.

Councilmember Digre asked if that was about the golf course.

Mayor pro Tem Keener responded affirmatively.

Councilmember Digre asked if she was allowed to make a statement. She reminded them that Mayor Lee has come to our city hall and assured them about the flooding issue, although not on this specific item, but they can call him. She added that he had offered to help when the houses

and apartments were going, and at that time, they brought up that they have to watch the flooding issues.

PUBLIC HEARINGS

CONSIDERATION

6. Planning Commission Annual Report to City Council
PROPOSED ACTION: Motion to receive and file.

Planning Director Wehrmeister introduced Chair Gordon who will present the first part of the staff report and she will give the final portion of the report.

Chair Gordon presented the staff report.

Planning Director Wehrmeister completed the staff report.

Mayor pro Tem Keener referred to the number of permits, and he asked if they issue multiple permits for a given project as he thought that was a lot of projects.

Planning Director Wehrmeister stated that those are building permits specifically, adding that practically everything needs a building permit, such as re-roofing a house, upgrading electrical service, etc., which was why the number was so large, representing all permits, business and residential.

Mayor pro Tem Keener asked what the policy was on outreach before Planning Commission hearings, 300 feet or 500 feet, property owners or residents including tenants.

Planning Director Wehrmeister stated that she didn't include that in this year's presentation because it was standard practice for their department, which is 300 foot radius notification. She stated that state law requires that property owners are noticed but in Pacifica, they do residents as well as the property owners.

Councilmember Digre stated that she didn't think she mentioned the north end of Beach Boulevard, and she thought there were condos at the very end.

Planning Director Wehrmeister stated that there was a request. Staff was analyzing that request for an extension of permits. She stated that they initially recommended that they not be extended, and the applicant asked for some to respond to staff. They have done so and they were preparing the responses for the Planning Commission, which will be on the March 20 agenda.

Councilmember Digre stated that she had two questions but she didn't have to answer them at this time. She was concerned about the erosion factors that have been going on since their first application, mentioning that this was either the second or third extension.

Planning Director Wehrmeister responded that they have had many extensions.

Councilmember Digre asked if we were looking into any changes. She stated that she was “crazy” for a restaurant with an ocean view, asking if that would be a zoning change to go in that direction.

Planning Director Wehrmeister stated that, on that particular site, it was designated residential and it would require a zone change.

Councilmember Digre stated that it concerned her that some things were extended forever and ever, and they were anxious to get things done. She stated that this place was the same thing. She was pleased for the extra effort for outreach, even prior to the planning study session which she considered very valuable. She acknowledged that it takes commitment and she appreciated that they were doing that, as well as appreciated that they are going towards residents and not just homeowners which she considered valuable for the comfort level for all of Pacifica. She concluded that there were no requests for affordable homes. She thought the seven townhouses was too small a number.

Planning Director Wehrmeister stated that it was one less than was needed to trigger the inclusionary housing ordinance.

Councilmember Martin asked if her mention of inspections was also code enforcement.

Planning Director Wehrmeister stated that it was just building.

Councilmember Martin asked if it was under Planning.

Planning Director Wehrmeister asked if she meant code enforcement.

Councilmember Martin responded affirmatively.

Planning Director Wehrmeister stated that code enforcement and building were both under Planning.

Councilmember Martin referred to the code enforcement in the shopping centers, asking if there was a schedule where they get checked every quarter, and she added the shopping strips. She thought there were a lot of issues around cigarette butts, litter, etc., and she thought the Park Mall was a sore spot. She stated that she was happy to see a maintenance crew at Sea Bowl, but she has never seen that at Park Mall, adding that the Pacifica Beach Coalitions does it themselves. She wondered if there was a schedule or could she make a proposal that they do something like that for those areas.

Planning Director Wehrmeister agreed that they could do that.

Councilmember Martin remarked that was easy. She then thanked the Planning Commission, stating that they work as hard as Council did, as there was so much for them to understand and research while dealing with people directly.

Councilmember Digre thought she might have been distracted when Pedro Terrace was mentioned and she didn't catch what was said on that.

Planning Director Wehrmeister stated that there was private property west of the assisted living facility, where they have proposed a six-lot subdivision.

Councilmember Digre asked if it was between the assisted living area and the library.

Planning Director Wehrmeister stated that she was talking about San Pedro Terrace.

Councilmember Digre asked if they have heard anything more about the assisted living situation.

Planning Director Wehrmeister stated that she wasn't sure to what she was referring.

Councilmember Digre stated that she was referring to the Park Mall.

Mayor O'Neill stated that it was on Oddstad, across from St. Peter's.

Planning Director Wehrmeister understood she was referring to the other proposed assisted living facility, stating that they haven't heard anything new on that site.

Councilmember Vaterlaus thanked her for working so hard. She mentioned that they have a lot more than they did.

Mayor pro Tem Keener asked how hard it would be to extend the circle of notification to 500 feet from 300 feet.

Planning Director Wehrmeister didn't think it would be very difficult to do that. She thought the impact would be more staff time as they make the copies and stuff the envelopes for notification.

Mayor pro Tem Keener stated that he hears that complaint a lot, with people saying they weren't notified and they lived fairly close to the project. He suggested that they consider that.

Mayor O'Neill stated that he was in the position of Planning Commissioner for several years and has experienced the same thing and empathizes with their position. He stated that, when the economy is robust, it does get quite busy. He thanked them for all the work they do.

Councilmember Digre asked if the change from 300 feet to 500 feet would be something the Council has to agendize and put into effect, or could the Planning Commission do it.

City Attorney Kenyon thought it was something on which they would need direction from Council, concluding that they were currently just following state law requirements.

Planning Director Wehrmeister responded affirmatively, adding that she was not aware that it was additionally codified in the code.

City Attorney Kenyon concluded that they could not take action at this meeting as it was not agendized, but she assumed staff would want some direction from Council to do that.

Councilmember Digre stated that it has been around for some time and thought it would be very welcome. She thought they should also address the part about sending to residents as well as owners. She asked if volunteers could help stuffing envelopes.

City Attorney Kenyon stated it was an administrative decision.

Councilmember Digre thought she was hearing that they could choose to have volunteers.

Planning Director Wehrmeister thought so, but she would want it to be accurate in that there would be some impact, but she wasn't sure it would be so great that they would need a volunteer. She agreed that, if they did, they could consider that.

Mayor O'Neill stated that he knows an individual who has an envelope stuffing machine and he thought that would be cheaper than staff doing it.

7. 2016-17 Mid-Year Budget Update

PROPOSED ACTION: Move to accept the adjustments included as part of the Mid-Year Budget Update and adopt the resolution approving the revised budget appropriation of \$30,754,000 for FY 2016-17.

Asst. City Manager Hines presented the staff report.

Councilmember Digre was surprised and asked him to elaborate about the transient occupancy tax.

Asst. City Manager Hines stated that it was the way the numbers were flowing. He thought they could be the subject of a situation where hotels become popular in the spring, but now the numbers are trending about \$100,000 lower. He explained that all the projections were based on the activity from July through December 2016.

Councilmember Digre thought it was also based on comparison with the year before. She asked clarification on the time frame.

Asst. City Manager Hines reiterated that it was July through December.

Councilmember Digre asked if anyone talked to the hotel managers as to why this decrease happened.

Asst. City Manager Hines stated that they will be looking into that, but for now, he has established the projections and the Economic Development Manager, Ann Stedler, will be looking into that.

Mayor pro Tem Keener asked if the \$43,000 increase in the General Fund included the increase in the Fire Department for expenditures that will be reimbursed by the State.

Asst. City Manager Hines responded affirmatively.

Mayor pro Tem Keener concluded that we have no real increase viewed over year to year.

Asst. City Manager Hines responded affirmatively, adding he wanted to make sure they had enough authority in the budgets so, when they get the CAFR next year, it won't look like fire ran over.

Councilmember Martin thanked him.

Mayor O'Neill understood that property taxes were up quite a bit because of housing prices, but he noted sales tax, transient occupancy tax and other taxes are all down. He was concerned because the rest of the peninsula seems to be doing quite well. He asked if there was any trend in Pacifica that he saw or will look at it.

Asst. City Manager Hines stated that the commercial base was the primary driver of sales tax, and the commercial base has been consistent. He stated that the gas stations were the leaders, followed by hotels that have overtaken the gas stations. He stated that the profile has remained and, as tourist dollars and tourist desires go up and down, and gas prices go up and down, so do sales tax, and that also affects the TOT. He stated that we have a certain profile with revenues, and Pacifica was heavily dependent on property taxes. He hoped to have a conversation on diversifying our revenues, at least to the point to figure out a way to drive some revenues upward and are not so heavily dependent on property taxes.

Mayor O'Neill asked if he could define other taxes and department/program.

Asst. City Manager Hines stated that he didn't have details, but other taxes are franchise, utility tax, business licenses.

City Manager Tinfow thought they were showing the reimbursement for fire from OES in that uptick, 142.

Asst. City Manager Hines agreed, adding that he was asking about other taxes. He stated that the 142 is a department program. He stated that was an example of other taxes. He then referred to the department programs, stating we have over 100 revenue streams that flow into the General Fund, including vehicle license fees, reimbursement for fire, fees from the Parks Department in their marvelous programs, fines and forfeitures as a result of the police providing corrective assistance, building permits and other permits, which all flow into the revenues.

Mayor O'Neill asked if franchise taxes were such as the Comcast and Recology franchises.

Asst. City Manager Hines clarified that it was mainly the Recology franchise.

Councilmember Digre assumed they haven't done the comparison for this report, but she thought they were interested in how the Kimco empty sections are reflected in the budget, such as so many businesses are no longer in the two Kimco shopping plazas. She asked if that was part of why they are down in sales tax.

Asst. City Manager Hines thought they were down in sales tax because of gas prices, adding that they were only down by \$34,000. He stated that their estimate for sales tax was over \$2 million and he wanted to be sure they looked at being down \$34,000 in context. He stated that sales tax was driven by the city's commercial profile.

Councilmember Digre stated that they have mentioned Kimcoe numerous times, trying to get a handle on the data of how empty commercial sites are affecting us in addition to all the other things mentioned.

Mayor pro Tem Keener asked if he has a sense of how volatile the revenues are over the past 4-5 years, specifically how much up and down might be.

Asst. City Manager Hines stated that, thanks to the uptake in property taxes, they have been very steady and they keep climbing, however, at some point, he expected that to flatten out. He hoped it doesn't flatten out to the degree that they saw in 2008 and 2009 which was one reason he was an advocate of diversifying the revenues. He expected it to flatten out, adding that they have a number of expenditure on the horizon which they will see when they present the 2017-18 budget with PERS dropping their discount rate. He stated that the labor agreements are on the way to being settled, but they will be back at the table in January. He reiterated that they have been stable for the last few years.

Mayor pro Tem Keener stated that he specifically meant the TOT.

Asst. City Manager Hines stated that it has grown in the time that he has been with the city, and he was happy to see that. He stated that they can thank the hoteliers and Ann Stedler with her work with that group. He stated that they will keep an eye on it, and he hoped he was too conservative and they will get a spring uptick and he will be proven wrong, and he was okay with being proven wrong in this particular case.

Councilmember Vaterlaus asked how he sees them diversifying their revenues other than property tax.

Asst. City Manager Hines stated that sales tax was driven off the commercial base. He referred to Councilmember Digre mentioning having more businesses which will drive sales tax. He stated that, in regard to the transient occupancy tax, they heard there is a new hotel and that will help. He stated that, the more that commercial profile grows, the more these revenues diversify and the more they diversify, the more Pacifica has to provide services to the community.

Councilmember Digre stated that she had a question that she probably should have asked Planning which was whether we have an idea when Holiday Inn will be completed with their new rooms.

Asst. City Manager Hines stated that he would love to give the answer but that wasn't his department.

Planning Director Wehrmeister stated that she did not have an estimate of when they will be done.

Councilmember Digre asked if it was moving along.

Planning Director Wehrmeister stated that it was moving along but it did just get started.

Mayor pro Tem Keener asked how much help a tax on recreational sales of marijuana would help.

Asst. City Manager Hines thought that would help, adding that they would have to look at all the policy implications surrounding that. He stated that how much it will help depends on the form it takes in Pacifica, but based on the estimates he has seen, it would be a positive influence on the city's revenues.

Mayor O'Neill stated that, when they start budget talks, he would be interested in some modeling to see how Pacifica's revenue compared to other cities. He thought, in other cities, property taxes are not the main source of revenue, but sales and transient occupancy. He

thought, on the expenditure side, it was common for most cities to have almost half their budget go for public safety.

Asst. City Manager Hines responded affirmatively.

Mayor O'Neill stated that, for all the naysayers for the budget, he thought it would be nice to drill down and show that our costs are not necessarily that far out of line, but more the revenue sources.

Asst. City Manager Hines agreed, adding that this was his third city and all three cities, from an expenditure profile, look very similar, but the difference was the profile of the revenues.

There were no public comments.

Councilmember Digre moved to adopt the resolution increasing the adopted budget appropriation of \$30,754,000 for FY 2016-2017, revised to reflect revenue and departmental budgets based on current information; seconded by Mayor pro Tem Keener.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Sue Digre, Councilmember
SECONDER:	John Keener, Mayor Pro Tem
AYES:	O'Neill, Keener, Digre, Vaterlaus, Martin

ADJOURN

Mayor O'Neill adjourned the meeting at 8:31 p.m. in honor of John Curtis who passed away December 17.

Transcribed by Barbara Medina, Public Meeting Stenographer.

Respectfully submitted,

Kathy O'Connell, City Clerk

APPROVED: 5-0; 3/13/17

Mike O'Neill, Mayor