

**CITY OF ENCINITAS
ADMINISTRATIVE MANUAL****DRAFT****Policy Title: Spending Approval
Responsible Department:
Approved By:****Section:
Number:
Date Approved:
Last Amendment:****I. Philosophy**

To ensure that the City requires a vote of the people before selling bonds in excess of \$4 million for projects other than road, flood control, sewerage and water improvements, coastal bluff protection, underground utilities, tax and revenue anticipation notes, refinance of existing debts or maintenance projects.

II. Method

- A. Before issuing bonds that require financial commitments of the City to repay these obligations, the Council will place an advisory item on the ballot.
- B. Obligations that are required by law to be voter-approved will not be affected by this policy.
- C. This policy will be reviewed in September, 1994.

CITY OF ENCINITAS

AGENDA REPORT

Meeting Date: August 25, 1993

TO: City Councilmembers

FROM: Policy Advisory Committee

(with)
SUBJECT: Report Regarding Initiatives Proposed by Encinitas Taxpayers Association

ISSUE: Whether to Approve Proposed Policies

BACKGROUND:

The Encinitas Taxpayers Association (ETA) submitted five items for Council consideration. These proposals had first been suggested as initiatives and were later revised and submitted as proposed policies in a letter dated March 22, 1993. The City Council then directed the Policy Advisory Committee and staff to review these proposals and prepare a report for Council consideration. The Committee has met with the ETA and is now reporting back as requested.

ANALYSIS:

The Committee discussed all five proposals and developed recommendations. Attachment "A" lists the five topics covered by the ETA proposal and the recommendations of the Policy Advisory Committee. As developed by the Committee proposals I, IV and V don't make any substantial change in current operations. Policy II would be a change in that the Council would be committing \$425,000 of previously available but uncommitted revenue for capital projects. The money to fund this commitment is available in the general fund due to the property tax settlement and a much smaller than anticipated reduction from the State.

Policy III would impose additional restrictions on the Council's authority to finance projects. The major restriction would be to limit debt financing to below \$4 million without an advisory vote. While these restrictions would be by policy and, therefore, subject to change by Council, they do impose additional restrictions. Additionally, elections would be another cost and would vary depending on whether the item was a special (est. \$80,000 +/-) or general election (est. \$10,000 +/-).

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Alternatives available to Council include:

- 1) Accepting proposals as recommended.
- 2) Identifying areas where the Council feels modification is necessary and with direction on those areas refer the issue(s) back to the Policy Committee.
- 3) Receive report and take no further action.
- 4) Modify proposal at the meeting and approve the revised proposals.

FISCAL AND STAFF IMPACTS:

Items IV and V would not have any new or additional impacts on City costs. Item I, based on current data available, would not result in substantial cost increases or decreases. Item II would commit \$425,000 of available funds for a specific purpose although not for specific projects. This would reduce funds available for other purposes and/or projects. Item III could limit the City's ability to use debt financing in certain cases and, depending on the number and type of elections, add costs ranging from \$80,000 +/- for special elections to \$10,000 +/- for general elections. The requirement for an election would also limit the timing for projects.

RECOMMENDATION:

Council approve policy positions as suggested by the Policy Advisory Committee.

attachments:

- Attachment "A" - List of Proposals
- Attachment "B" - March 22, 1993 Proposals from Encinitas Taxpayers Association
- Attachment "C" - Proposed Admin. Policy - "Compensation"
- Attachment "D" - Proposed Admin. Policy - "Spending Approval"

ATTACHMENT "A"

I. Compensation Policy

Committee's recommended draft policy attached. It is the Committee's understanding that the ETA also supports the policy as presented.

II. Franchise Fees

The Committee recommends no specific policy of earmarking specific general fund revenues for specific expenditures or other limitations. The Committee's conclusion was that the earmarking of specific sources of revenue to projects would set funding priorities rigid and not allow Council to respond to other priorities as they arise. For example, it was originally planned that as a result of trash franchise fees additional funds would be available for road related projects. However, they were used to cover such general fund items as Sheriff's contract (e.g. booking fees, regional services) and other general fund demands.

The Committee, however, does recognize the need to address the City's need for additional funding of capital improvements. Due to our financial condition we do recommend setting aside \$425,000 from the general fund for capital projects.

III. Spending Approval

The Committee developed a draft policy which is attached. The ETA has reviewed this policy and it is our understanding they support the policy as written.

IV. and V. Consultant/Study Limitation and Reporting

The Committee reviewed these items with the ETA and explained what the City is currently doing in regards to both. It was pointed out that the City does establish an annual amount for studies/consultants as part of our financial plan. It was also pointed out that the City's Budget/Personnel Committee has worked out a format for a quarterly expenditures report on these items. These actions appear to address the concerns raised by the ETA.

ENCINITAS TAXPAYERS ASSOCIATION

POST OFFICE BOX 46 • CARDIFF-BY-THE-SEA, CALIFORNIA 92007 • (619) 753-7477

Mayor John Davis
 City of Encinitas
 Encinitas, California 92024

March 22, 1993

Dear Mayor Davis:

The City of Encinitas finds itself with tens, if not hundreds, of millions of dollars worth of unmet needs during this period of reduced income and difficult economic times for its citizens. Now more than ever before, you as a city council person must be cognizant of public concerns and make the expenditure of every penny count. In an effort to assist in the process representatives of the Encinitas Taxpayers Association have over the past three months met twice with each of the city council persons and discussed the problems with groups on 17 different occasions. After this consultation and extensive research it is our sincere belief that much of the mistrust and hostility directed toward the city would be significantly reduced and more dollars would be available for quality of life enhancing projects if the City Council would enact policies similiar to the following:

I. ENCINITAS CITY STAFF COMPENSATION POLICY MODIFICATION

A. The City of Encinitas' policy of paying employees in the top quartile should be modified to eliminate this requirement.

B. The council should establish a salary schedule that does not exceed the average of the 10 cities in San Diego County, used by the city in 1992 for compensation comparison purposes. Further the total compensation of each individual should be limited to an annual amount that will not exceed the average compensation of employees who hold like job titles in the comparison cities. If necessary, adjust/conform Encinitas job titles to those of the comparison cities.

This compensation limitation should include, but not be limited to employees and/or independent contractor contracts, perks, overtime, benefit packages, travel-automobile allowances, vacation and paid leaves.

C. A city goal of bringing compensation payments to current employees into full compliance with the standard set forth within three years from the date of council passage should be established.

All conditions of this new policy should become effective immediately upon passage.

II. USE OF FRANCHISE FEE INCOME

A. The City of Encinitas general fund treasury should not benefit financially at the expense of local tax/rate payers from the granting of exclusive contracts to franchisees, private firms, or governmental agencies.

B. The City of Encinitas should limit the use of all franchise fees collected to capital improvements and repair projects, such as street repairs.

C. Fees collected shall be deposited into special accounts for the exclusive purposes set forth by the city council.

D. Under no circumstances should these funds be used to pay for studies and/or consultants, city staff, or functions that staff would have normally performed.

E. The conditions of this policy should become effective immediately upon passage.

III. SPENDING APPROVAL POLICY

A. The City of Encinitas may sell bonds to finance road, flood control, coastal bluff integrity, utility underground or maintenance projects without voter approval. All other projects which require bond financing should have voter approval.

B. The conditions of this policy should become effective immediately upon passage.

IV. CONSULTANT/STUDY LIMITATION GOAL

A. The City of Encinitas should establish a defensible annual spending limitation goal for contracted or consultant services and special studies, such as 5% of the city's discretionary expenditure, and strive to meet that goal. Discretionary expenditures for the purpose of this issue shall mean all items other than legal expenses and fixed expenses such as salaries, utilities, bond payments and annual service contracts.

B. The privatization of city services where savings can be proven to improve services and/or reduce costs is encouraged and should be excluded from this limitation.

C. The conditions of this policy should become effective immediately upon passage.

V. REPORTING POLICY

A. The City of Encinitas staff should report to the city council semi-annually specifics as to whom funds are paid, the

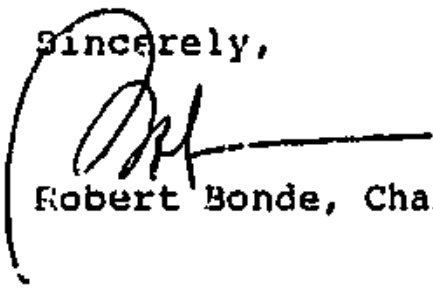
amounts paid and the purpose of the expenditures, benefits to the citizens, and how and where the expenditures relate to the adopted budget for each of the categories of legal, contract or consulting services, and special studies. The City of Encinitas should make up to 10 copies of these reports available to libraries and community organizations at no cost.

B. The City of Encinitas should include line items in its annual budget for legal, contract or consultant services and special studies.

C. The conditions of this policy should become effective immediately upon passage.

It would be greatly appreciated if you would seriously consider these reasonable recommendations. A representatives of the Taxpayers Association will contact you within a week regarding an appointment to discuss an action plan that will benefit you and the entire community.

Sincerely,



Robert Bonde, Chairman

DRAFT

CITY OF ENCINITAS
ADMINISTRATIVE MANUALPolicy Title: Compensation
Responsible Department:
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Last Amendment:**I. Philosophy**

It is the intent of the City Council to provide high quality services to its residents. In order to accomplish this the City needs to attract and retain a well qualified work force.

The purpose of this policy is to insure that staff is paid wages and receives benefits that are fair to both employees and taxpayers as gauged by what other cities are paying.

II. Method

A. The Council will review its compensation program on a regular basis to determine what adjustments to make. This review will be based on the following factors:

- a) Current financial condition of the City;
- b) Survey of compensation from other similar sized public employers in the San Diego area;
- c) Current balance between the supply and demand in the labor market;
- d) General economic conditions and trends in the national, state and local economy.

B. After reviewing the above factors the Council will determine the compensation levels. The Council's policy is to set the level of compensation so that the City is in the middle of the group (lowest of mean or median) of employers of similar size. Variation would be considered based on the factors noted above.