

MINUTES

JOINT SAND CITY COUNCIL AND REDEVELOPMENT AGENCY

Regular Meeting – February 2, 2010
7:00 P.M.
CITY COUNCIL CHAMBERS

Mayor Pendergrass opened the meeting at 7:00 p.m.

The invocation was led by Reverend Carl Kelleher.

The Pledge of Allegiance was led by Police Chief Klein.

Present: Council Member Blackwelder
Council Member Carbone
Council Member Hubler
Council Member Kruper
Mayor Pendergrass

Staff: Steve Matarazzo, City Administrator/Community Development Director
Jim Heisinger, City Attorney
Richard Simonitch, City Engineer
Michael Klein, Police Chief
Linda Scholink, Director of Administrative Services/City Clerk

AGENDA ITEM 4, COMMUNICATIONS

A. Written communication distributed this evening included an article from the latimes.com, "State lawmakers take aim at free parking"; and a revised letter of response to the 2009 Grand Jury Report, (agenda item 5B).

B. Oral

7:03 p.m. Floor Opened for Public Comment
No Public Comment

7:03 p.m. Floor Closed to Public Comment

AGENDA ITEM 5, CONSENT CALENDAR

The Consent Agenda consists of routine items for which City Council approval can be taken with a single motion and vote. A Council member may request that any item be placed on the Regular Agenda for separate consideration.

A. There was no discussion of the Sand City Council Meeting Minutes, January 19, 2010.

- B. There was no discussion of the revised 2009 Grand Jury response pertaining to Water Issues in Monterey County.
- C. There was no discussion of City **RESOLUTION** Authorizing Sacramento County to submit a collaborative application and accept the grant award on Sand City's behalf and enter into all necessary contracts/agreements to implement the Associated ARRA Program.
- D. There was no discussion of the City/Redevelopment Agency Financial Report for December 2009.
- E. There was no discussion of the Contribution to Seaside Pony Baseball for \$500.
- F. There was no discussion of the City **RESOLUTION** in support of the Local Taxpayer, Public Safety, and Transportation Protection Act of 2010.

Motion to approve the Consent Calendar was made by Council Member Blackwelder, seconded by Council Member Carbone. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, and Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

AGENDA ITEM 6, CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR

There were no items pulled.

AGENDA ITEM 7, PUBLIC HEARINGS

- A. Steve Matarazzo, City Administrator, presented the Housing element update for 2009-2014 of the General Plan. He stated this item was continued from the January 19th Council meeting for additional minor changes. The City of Sand City submitted a draft Housing Element for review in June, 2009. Mr. Matarazzo received a call at 5:45 p.m. today from his Sacramento contact stating there were a few additional minor changes still being requested. He recommended continuance to the February 16th Council meeting.

7:05 PM The floor was opened to Public Comment
There were no Public comments

7:05 PM The floor was closed to Public Comment

Motion to continue, City **RESOLUTION** Adopting the Housing Element Update 2009-2014 of the General Plan, to the next Council meeting on February 16th; was made by Council Member Blackwelder, seconded by Council Member Carbone. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, and Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

- B. The City Administrator Steve Matarazzo presented the second reading of the City Ordinance to amend Chapter 18.04 of the Sand City Municipal Code to add certain definitions and Chapter 18.19 to prohibit extreme value retail uses, odd/lot close out retail uses and single price point retail uses in the C-4 Zoning District and to repeal interim Ordinance 09-02. Last May, the City Council adopted an interim ordinance that

prohibited “price point and extreme value” retail uses within the C-4 (Regional Commercial) zoning district in Sand City. The interim ordinance will expire in April of 2010. The City Attorney stated he had no additional comments. Staff recommends that the attached ordinance be included in the C-4 District as a permanent amendment to Sand City’s Municipal Code.

7:06: PM The floor was opened to Public Comment.
There were no Public comments.

7:06 PM The floor was closed to Public Comment.

Motion to approve the **SECOND READING** of City **ORDINANCE** Amending Chapter 18.04 of the Sand City Municipal Code to add certain definitions and Chapter 18.19 of the Sand City Municipal Code to Prohibit Extreme Value Retail Uses, Odd-Lot/Close out Retail Uses and Single Price Point Retail Uses in the C-4 Zoning District and to Repeal Interim Ordinance 09-02 was made by Council Member Blackwelder, seconded by Council Member Kruper. Roll Call Vote: AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, and Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried. The Mayor stated the Ordinance would be effective in 30 days.

C. The City Attorney reported the purpose of this Ordinance is to add the Art Committee and the Design Review committee to the list of designated positions under the conflict of interest code. The Design Review committee has been filing Form 700 for some time, but this will be a new requirement for the Art Committee members. This Ordinance is updating the list of designated positions.

7:10 PM The floor was opened to Public Comment.
There were no Public comments.

7:10 PM The floor was closed to Public Comment.

Motion to approve the **SECOND READING** of City **ORDINANCE** Amending Appendix “A” to Chapter 2.20 of the Sand City Municipal Code Revising the List of Designated Positions, was made by Council Member Blackwelder, seconded by Council Member Kruper. Roll Call Vote: AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, and Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

AGENDA ITEM 8, OLD BUSINESS

A. The City Engineer reported that the Department of Public Health, (DPH) did their review of the desalination plant last week. They were happy with the results. He stated that CDM has been very responsive to the additional paper work that has been required. The DPH is satisfied with the plant itself, but the plant (permit) still has to run through the Water Quality Board at the California Department of Health. There is no definite answer on the date when we will get final approval, but the City Engineer is hoping to have it by the end of February.

During the preconstruction meeting on the Bay Avenue Beach Access improvements a few buckwheat plants were noticed. The buckwheat plant is habitat for the federally

protected Smith Blue Butterfly. The City Engineer is working with the City Administrator to find the best way to work around this. The City Engineer said he would find out additional information tomorrow, and will look at a minor redesign.

There was discussion on telephone poles and the removal and possible undergrounding of utilities. The Mayor told staff that there were twelve poles with their lights out in the City. The Chief of Police said that his Department had notified PG & E who are aware of this.

AGENDA ITEM 9, NEW BUSINESS

A. The City Administrator, Steve Matarazzo, presented the mid-year budget review for fiscal year 2009-2010. The Budget Committee had a meeting on January 27, 2010, and reviewed the mid-year amendment in detail. The Committee is recommending the City Council and the Redevelopment Agency approve the proposed budget amendment. Attachment # 1 compares the adopted budget figures with the proposed amendment, based on staff's projections on the anticipated revenues and expenditures on actual to date, and projections through the end of the fiscal year. This amendment shows an actual end of the year deficit of \$857,750. The itemized budget is footnoted where significant changes are anticipated when compared to the current budget. There are three key reasons for the negative numbers.

1) The Proposition 50 desalination grant funds had been suspended and staff did not know if they would be received in fiscal year 2008-2009. They were anticipated in the 2009-2010 budget, which is when they were received. Through governmental accounting standards of those funds were posted through the audit in fiscal year 2008-2009.

2) The State take away from Redevelopment Agencies was not known until after the budget for this year had been adopted. Now that we know that amount and the timing, it has been included in the amendment, which amounted to \$58,000 in the City, and \$578,000 for the Redevelopment Agency.

3) There has been increased expense with the desalination facility with the addition of the 5th (replacement) well and solving the air bubbles problem in the water source. These problems have caused additional costs of approximately \$400,000 in consulting fees and direct capital costs, which will be recouped through the extension of the Cal-Am lease. The City Administrator explained that the one well had been too salty. The City Engineer responded that the 5th well has been the most productive well to date.

There are footnotes detailing the major changes within the budget. On the positive side, all our large capital expenses are completed for the desalination plant and our investment in our desalination plant is a tremendous asset to the City.

This will still leave a reasonable cash reserve in which to provide further financial assistance to the City in the future, should revenues continue to stay level. The City will continue to look at a very frugal upcoming budget for next year. Next year's budget will include two expenditures not included in the current budget. The first is recognition of unfunded liabilities related to "other pension employee benefits" (OPEB), primarily retiree health care benefits. This has been estimated at \$325,000 to be reserved each year, to fund future OPEB costs. The City's expert on the OPEB liability will be making a presentation at

the March 2 Council meeting. The 2008 bond refinancing structure will begin to include the principal payments beginning next year that will be an additional \$395,000 annually.

The Mayor spoke on the regional water issues, and how Sand City has been proactive. He told the Council that Costco is now requiring their employees to park in the back of Costco in preparation of the new gas station coming in.

7:45 p.m. Floor Opened for Public Comment
No comments.

7:45 p.m. Floor Closed to Public Comment

Motion to approve Sand City **RESOLUTION** Adopting Amendment #1 to the Combined City and Redevelopment Agency Budget for FY 2009-2010 was made by Council Member Blackwelder, seconded by Council Member Carbone. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, and Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

Motion to approve Redevelopment Agency **RESOLUTION** Adopting Amendment #1 to the Combined City and Redevelopment Agency Budget for FY 2009-2010 was made by Agency Board Member Blackwelder, seconded by Agency Board Member Hubler. AYES: Agency Board Members Blackwelder, Carbone, Hubler, Kruper, and Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.
The Mayor thanked the staff and the Budget committee for their hard work.

{Council Member Blackwelder stepped down from the dais due to a possible conflict of interest by residing within 500' of the proposed project}

B. Mayor Pendergrass reported that last month the City had received a request from Greg Gostanian that his lease be extended for at least another year. He would like to stay in Sand City. Mr. Gostanian has already donated the office trailer to the City of Sand City and it is to be used as a city public works office in the future. The City may want to consider a month to month agreement and revisit the additional parking needed for City Hall. The City Administrator stated that Mr. Gostanian has been a very good tenant and supporter of the City. He recommended with concurrence from the City Council that staff work on a lease amendment for a month to month rental agreement. The general consensus of the Council was to go to a small month-to-month lease arrangement.

{Council Member Blackwelder returned to the dais}

C The City Clerk accepted responses from the Council on the upcoming meetings and events.

AGENDA ITEM 10, CLOSED SESSION

7:50 pm

A. The City Council /Agency Board adjourned to Closed Session to confer with Legal Counsel regarding pending litigation in accordance with Section 54956.9(c)

of the Ralph M. Brown Act,

- 1) *CalAm v. Seaside*
- 2) *State Water Resources Control Board Order WR 2009-0060*
- 3) *Monterey Peninsula Water Management v. State Water Resources Control Board (No. M102101)*
- 4) *CalAm v. State Water Resources Control Board*
- 5) *Security National Guaranty, Inc. v. California Coastal Commission*

B. Pursuant to Section §54957 of the Ralph M. Brown Act, Public Employee Performance Evaluation: City Administrator

8:40 PM

C. The City Council/Agency Board Readjoined to Open Session to report any action taken at the conclusion of Closed Session in accordance with 54957.1 of the Ralph M. Brown Act

A.

- 1) *CalAm v. Seaside- Received Report – No Action Taken*
- 2) *State Water Resources Control Board Order WR 2009-0060- No Action Taken*
- 3) *Monterey Peninsula Water Management v. State Water Resources-Control Board (No. M102101)-Received Report-No Action Taken*
- 4) *CalAm v. State Water Resources Control Board-No Action Taken*
- 5) *Security National Guaranty-Received Report-No Action Taken*

B. Pursuant to Section §54957 of the Ralph M. Brown Act, Public Employee Performance Evaluation: City Administrator-Direction Given

AGENDA ITEM 11, ADJOURNMENT

Motion to adjourn the City Council meeting was made by Council Member Blackwelder, seconded by Council Member Hubler, to the next regularly scheduled Council meeting on February 16, 2010 at 7:00 p.m. There was consensus of the Council to adjourn the meeting at 8:41 p.m.

Linda K. Scholink, City Clerk