

MINUTES
JOINT SAND CITY COUNCIL AND SUCCESSOR AGENCY
OF THE REDEVELOPMENT AGENCY

Regular Meeting – December 5, 2017
5:30 P.M.
CITY COUNCIL CHAMBERS

Mayor Carbone opened the meeting at 5:30 p.m.

The invocation was led by Reverend Jason Yarbrough.

The Pledge of Allegiance was led by Police Chief Brian Ferrante.

Present: Mayor Mary Ann Carbone
Vice Mayor Blackwelder
Council Member Hubler {excused absence}
Council Member McDaniel
Council Member Hawthorne

Staff: Todd Bodem, City Administrator
Jim Heisinger, City Attorney
Leon Gomez, City Engineer
Brian Ferrante, Police Chief
Linda K. Scholink, Director of Administrative Services/City Clerk

AGENDA ITEM 4, ANNOUNCEMENTS BY MAYOR AND CITY ADMINISTRATOR

The Mayor referred to the City Administrator's report and mentioned the great turn out at the Tree Lighting Ceremony. The Monterey Fire Department will be visiting children throughout the City on December 16th and invited the Council to join. The Mayor distributed a handout on activities she participated in.

AGENDA ITEM 5, PUBLIC COMMENT

5:32 P.M. Floor opened for Public Comment.

There was no comment from the Public.

5:32 P.M. Floor closed to Public Comment.

AGENDA ITEM 6, CONSENT CALENDAR

- A. Conditional Use Permits (CUP) and Coastal Development Permits (CDP) are subject to annual review by the City Council and City staff. Upon review of each of the following Use Permits, staff is recommending

continued operation of the Use Permits to the City Council based on the finding that these uses are in compliance with their permits. There was no discussion of the following use permits.

- (1) CUP #186,236,286, Gene's Auto Body (automotive shop), 531-A Shasta/ 524-A Elder Avenue
- (2) CUP #394, Frank D'Aquanno (automotive), 477 Redwood Avenue
- (3) CUP #425, Glastonbury, Inc. (equipment store & rent), 495-A Elder Avenue
- (4) CUP #480, Video Ranch (office, video production), 1793 Catalina Avenue
- (5) CDP #07-07, Ga-Ga (hair salon), 490 Orange Avenue
- (6) CUP #422, Garza Plumbing (contractor), 351-A Orange Avenue
- (7) CUP #574, Ringer Electric (Photo Studio), 613-C Ortiz Avenue
- (8) CDP #01-05, Guistiniani (Masonry contractor), 698 Ortiz Avenue

- B. There was no discussion of the City/Successor Agency Monthly Financial Report, October 2017.
- C. There was no discussion of the City **Resolution** authorizing Health Care Benefit Changes for the 2018 Contract Year.
- D. There was no discussion of the City **Resolution** approving a Service Agreement with Steve Vagnini and Budget for the 2018 West End Celebration.

Motion to approve the Consent Calendar items was made by Council Member Blackwelder, seconded by Council Member Hawthorne. AYES: Council Members Blackwelder, Carbone, Hawthorne, McDaniel. NOES: None. ABSENT: Council Member Hubler. ABSTAIN: None. Motion carried.

AGENDA ITEM 7, CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR

There were no items pulled from the Consent Calendar.

AGENDA ITEM 8, PUBLIC HEARING

- A. **Presentation on and Consideration of the Audited Financial Statements for the Year ended June 30, 2017 and Independent Auditor's Report by Therese Courtney and Mike Nolan of Hayashi & Wayland (10 minutes)**

- 1) Approval of City RESOLUTION Accepting the Audited Financial Statements for the Year Ended June 30, 2017 and Independent Auditor's Report**

The City Administrator reported on the highlights of the City's financial position at the close of the year ending June 30, 2017. The city's total net position increased by \$745,000 since fiscal year 2015-16 reflecting a

decrease of \$1.4 million net change in fund balances. An increase in sales revenue by 2.2% and property tax value by 4.13% is reflected from April through June the same time last year. When significant deficiencies and material weaknesses are identified during the audit, the Auditor is required to communicate them to the City in writing. A letter was not required for the year ended June 30, 2017. The auditors are present to provide a detailed overview.

Mike Nolan of Hayashi and Wayland reported that Hayashi & Wayland have been working with the City for a number of years. A meeting was held with the Budget Committee to receive their input as part of the audit procedures, as well as meeting with the City Administrative Staff. Should material deficiencies of internal controls be detected, a letter would be required. This year, a letter was not required. The audit process went smoothly, and Staff was very cooperative and supportive. Ms. Courtney will provide more information regarding the City's future liabilities.

Therese Courtney of Hayashi and Wayland reported that Page 11 of the City's Net Position depicts the financial position of Sand City which reflects all assets and liabilities. The assets exceeded the liabilities by \$23 million with approximately \$2.4 million available in unrestricted funds. The Statement of Activities shows the expenses to operate the City's activities leaving a positive net position of \$745,000. Ms. Courtney reported on the cash fund balance and a loss of \$1.4 million due to Other Post Employment Benefit (OPEB) costs and that the loss is reflected on the balance sheet as an expense. There are new pronouncements and the City will have to recognize its entire OPEB obligation which is expected to several million dollars. This will have to be reflected on financial statements beginning in 2018. Ms. Courtney answered several questions for Council Member Hawthorne regarding the City's role in meeting the OPEB obligations, how some City's employees pay a portion into their post-employment benefit, and the purpose of Public Employees' Pension Reform Act (PEPRA). City Attorney Jim Heisinger explained that the City's health benefit is paid by the City which follows into retirement adding to the OPEB costs.

Mayor Carbone summarized the economic factors on page 9 that depicts the fiscal year's revenues, and positive growth for the City relating to future developments and projects.

5:55 P.M. Floor opened to Public Comment.

There was no comment from the Public.

5:55 P.M. Floor closed to Public Comment.

Council Member Hawthorne thanked the Auditor's for the report, and City Staff for their work involved in keeping track of Sand City's finances.

Motion to approve the City **Resolution** accepting the Audited Financial Statements for the Year Ended June 30, 2017 and Independent Auditor's Report was made by Council Member Hawthorne, seconded by Council Member McDaniel. AYES: Council Members Blackwelder, Carbone, Hawthorne, McDaniel. NOES: None. ABSENT: Council Member Hubler. NOES: None. ABSTAIN: None. Motion carried.

AGENDA ITEM 9, OLD BUSINESS

A. Progress report on Public Works projects, South of Tioga Redevelopment project, Coastal projects, and other Sand City community programs by City Engineer/Community Development Director/City Administrator

City Engineer Leon Gomez reported that the desalination plant produced 3 acre feet of water for the month of November primarily due to calcite in the contactors. The plant has been mostly inoperable due to maintenance and repair. A draft report was received from Intera yesterday for the new intake wells project. Staff will review the report this week and provide recommendations to the City Administrator. The consultant team is moving forward with Task 3 for the Prop 1 Technical Assistance grant. These tasks involve defining the City's objectives and priorities, identify project types, conduction of a high level analysis, and define relevant water resource characteristics. A memorandum will be provided to Staff for review, with results brought to the Council in late January or early February.

Council Member Blackwelder mentioned the flooding issues that occur along Ortiz Avenue and other parts of the City. He is hopeful that suggestions to remedy the flooding during heavy rains is part of the conversation with the consultant team.

Staff provided the final certificate of occupancy for lots 4, 6 & 7 to the developer of the Bungalows Project. Lots 5, 8, 9 & 10 are left. A new power pole was installed near lot 10, and undergrounding along Oceanview Avenue will be conducted. The Dayton project has proposed alternatives to the relocation of the power pole involved with their project. It would cost a great deal of funds for them to do so. Staff asked the applicant to come up with 2 or 3 alternatives to move the pole. As part of the CDBG grant funding, Staff is looking into an ADA accessible parking for Calabrese Park.

AGENDA ITEM 10, NEW BUSINESS

A. Comments by Council Members on Meetings and Items of interest to Sand City

Council Member Hawthorne inquired about funds for the West End

Celebration that could be used towards other events involving the arts, such as the fashion show. City Administrator Bodem suggested that during the West End Committee meeting, suggestions and ideas can be entertained for the 2018 event. Mayor Carbone commented that she would like to officially appoint Council Member Hawthorne as the new Arts Committee Chair. This will be brought before the Council at a future meeting.

B. Consideration of Cancelling Future City Council meeting

PURPOSE: It is proposed that the City Council cancel the City Council meeting scheduled for January 2, 2018 to minimize conflict with the Christmas and New Year's Holiday closure of City Hall, December 25, 2017 – January 1, 2018

Mayor Carbone commented that due to City Hall closure during the holidays that the Council considers cancelling the first meeting in January 2018.

Motion to cancel the City Council meeting scheduled for January 2, 2018 was made by Council Member Hawthorne, seconded by Council Member McDaniel. AYES: Council Members Blackwelder, Carbone, Hawthorne, McDaniel. NOES: None. ABSENT: Council Member Hubler. ABSTAIN: None. Motion carried.

C. Upcoming Meetings/Events

There were no RSVP's from the Council. Mayor Carbone reminded the Staff and Council of the Awards Banquet to be held on Friday.

AGENDA ITEM 11, CLOSED SESSION

6:15 P.M.

A. City Council/Agency Board to adjourn to Closed Session:

- 1) To confer with Legal Counsel regarding pending litigation in accordance with Section 54956.9
 - a. Security National Guarantee, Inc. v. Evariste Group, LLC. (No. SCV-259904)

6:40 P.M

B. Re-adjourn 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

The City Council met with the City Attorney on the litigation item on the agenda and took no action.

AGENDA ITEM 12, ADJOURNMENT

Motion to adjourn the City Council meeting was made by Council Member Blackwelder, seconded by Council Member McDaniel to the next regularly scheduled Council meeting on Tuesday, December 19, 2017 at 5:30 p.m. There was consensus of the Council to adjourn the meeting at 6:44 p.m.

Linda K. Scholink, City Clerk