

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

Regular Meeting – April 2, 2019
5:30 P.M.
CITY COUNCIL CHAMBERS

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

The invocation was led by Reverend Jason Yarborough.

The Pledge of Allegiance was led by Chief Brian Ferrante.

Present: Mayor Mary Ann Carbone
Vice Mayor Blackwelder
Council Member Hawthorne
Council Member Sofer
Council Member Cruz

Staff: Fred Meurer, Interim City Administrator
Vibeke Norgaard, City Attorney
Leon Gomez, City Engineer
Brian Ferrante, Police Chief
Linda Scholink, Director of Administrative Services/City Clerk

AGENDA ITEM 4, ANNOUNCEMENTS BY MAYOR AND CITY ADMINISTRATOR

The Mayor announced that her Mayors report for March 2019 is available.

Interim City Administrator Meurer announced that the First Reading for the Ordinance regarding New Engineering Standards will be pulled and continued due to comments received on the item. He reported that the South of Tioga development project and new desalination plant wells are under way. The applicant for the South of Tioga project received review comments on their project submittal. Several issues need to be addressed prior to demolition of the public right of way, such as acquisition of the portion of the right of way that the City does not own. Staff is working on finalizing a development agreement and this will need to be done prior to work being performed. The development agreement will serve to protect the City during construction. Two responsive proposals were received for assistance with project development for South of Tioga to augment the City's capabilities for the size and scope of the project. Staff reviewed the proposals and determined that 4Leaf may be a possible candidate.

The City initially intended to build the new desalination wells; however, Cal-Am has agreed to build the new wells. The Coastal Commission will hold a meeting on April 10, 2019 and extension of Sand City's coastal development permit is on the agenda. Staff is also working on the extension to the P.G.& E permit.

Council Member Blackwelder received information regarding the possible improvements to the right of way adjacent to the South of Tioga project. Mr. Meurer clarified that the City will need to research several possibilities in making these improvements as the South of Tioga project only extends to the medium of the street. He mentioned financing via bonds and also reported on the Contra Costa entrance to the City. The Mayor reported that some cities received grant funds to construct roundabouts on their streets, and that Monterey-Salinas Transit may possibly extend its bus line along the right-of-way. Council Member Blackwelder added that entrances into the City should be a priority as part of future street improvement projects.

AGENDA ITEM 5, COMMUNICATIONS

6:00 P.M. Floor opened for Public Comment.

There was no comment from the Public.

6:00 P.M. Floor closed to Public Comment.

AGENDA ITEM 6, CONSENT CALENDAR

- A. There was no discussion of the March 19, 2019 Sand City Council Meeting Minutes.
- B. There was no discussion of the City/Successor Agency Monthly Financial Report, January 2019.
- C. There was no discussion of the City **Resolution** Honoring Lynn Davis as the 2019 Monterey Peninsula College President's Award Recipient.

Motion to approve the Consent Calendar items was made by Council Member Blackwelder, seconded by Council Member Hawthorne. AYES: Council Members Blackwelder, Carbone, Cruz, Hawthorne, Sofer. NOES: None. ABSENT: None. 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 HEARINGS

A. FIRST READING: ORDINANCE Amending Sand City Municipal Code Section 12.04.010 to Adopt New Engineering Standards (Item to be continued to future meeting)

Mayor Carbone commented that the First Reading of the Ordinance amending Sand City Municipal Code Section 12.04.010 to Adopt New Engineering Standards will be continued to the second council meeting.

AGENDA ITEM 9, OLD BUSINESS

A. Further Discussion and Guidance on 2019-2020 Budget

Mayor Carbone reported that the Interim City Administrator asked Council for comments prior to the meeting on items found on page 36 contained in the agenda packet. The Council may have provided some comments and will be discussing their input and which direction to take in moving forward.

Interim City Administrator Fred Meurer reported that several budget issues had been discussed and outlined in the attached staff report provided. Change is always difficult in an organization even when they are positive changes, and considering the City's future needs and fiscal realities changes are not always going to be positive. The City will need to take action regarding the Public Employees Retirement System (PERS) obligation especially with regards to public safety, starting a path towards a financial strategy that looks into revenue and expenditure realities, as well as reviewing cost realities for City services.

In response to Council Member Blackwelder's inquiry regarding what changes would impact future revenues and expenditures, Mr. Meurer responded with the example that eight-percent of the City's budget is paying towards its PERS obligations. There is also no program allocated for professional development for existing employees and that every City should have a professional development program that would serve the needs of the community. There was discussion regarding the additional hours the City Attorney is working outside of her retainer for the City.

Council Member Hawthorne commented that in business, revenues and expenditures are always examined. He provided an example on page 52 of the agenda packet regarding the recurring expenses of the City Council, administration, finance, attorney, community development, fire, public works, parks, etc. and adding those expenses together is still considerably less by the half-million being paid for the police department. This is a vast number and reflects 38% of the City's budget which is more than the 36%

sales tax revenues that the City is receiving. He inquired whether anyone knows how many cities the size of Sand City has their own police department? Mr. Meurer responded that he would have to check with the League of California Cities but was sure that it is zero. Mr. Hawthorne continued that for the size of a City such as Sand City the possibility of exploring outsourcing public safety services would seem feasible. He suggested that Sand City should research blending with another City and share this expense. We should seek and find out the cost of installing cameras throughout the City to decrease the need for additional officers. The City will lose over \$800,000 in revenues in 2 years which is a big loss and even the transient occupancy tax would not make up this loss. Council Member Sofer concurred with Council Member Hawthorne's observations and that seeking to contract services may prove beneficial to the City.

Mr. Meurer added that several cities the size of Sand City are contracting for outside services. The real question is: as a community what level of police services do you need and want, and how do you provide that level of service. He outlined the pros and cons regarding any decision that could be made, and if the Council decides to embark on this course of action, factors regarding the level of service the City is expecting should be explored and considered. The City's expectations would have a price tag and this price should meet the expectations. Mr. Hawthorne added that this expense is not sustainable and the Council needs to consider the future.

Council Member Cruz added that there are a lot of outside shoppers and tourist that frequent the shopping centers, and the City will be expanding its future residential population. Current and future residents will want to feel safe. Mr. Hawthorne commented that there is a way to work this out so that it is financially healthier for the City and suggested that looking into the future may involve installing cameras throughout the City.

Mr. Meurer spoke to Smart Cities and the technology being utilized by these cities, how it is being used to augment the public's safety, and how could we take this technology to work for Sand City. The first meeting in May would be public safety night and has invited the fire and police Chief's to explain in considerable detail what they do, how they do it, where they live, how much it costs to do it, and what are the potential costs of not doing it. He spoke to management needs during transitional periods and what happened during the City of Monterey's fire department transition. This potential discussion may sound frightening to personnel and that is not the intent. He plans to research and familiarize himself with what is going on throughout municipalities regarding contracting public safety services.

Mr. Hawthorne added that the City would not lose services, but can work cohesively with other cities to provide better services that would prove more feasible for the long term expense. Mr. Meurer summarized that what the City wants is quality service and is not at the present time reducing the level of public safety service. There are several techniques and ways of increasing the visibility of police officers and the people they serve. Overall, the City does not want to reduce its capability but would like to explore ways to eliminate duplication that is not directly impacting safety such as evidence management, duplicate records systems, etc. The analysis would include the option for providing the police component of public safety, and how to sustainably pay for what the City has right now.

Police Chief Brian Ferrante understands what has been discussed and the PERS issue is prevalent in every local agency throughout the State. He suggested that for the first meeting in May, he would like that it be 'Fire' day and the second meeting as 'Police' day. He spoke to the PERS future projections and noted that Sand City has the lowest percentage compared to local agencies. It sounds feasible when we talk about contracting services to another City which may not be a bad idea, but issues will come up and should be a topic of discussion. Sand City's policing model differs from Seaside's as Sand City is very proactive. The reality for Seaside is that they are grossly understaffed and are down ten positions and do not anticipate being able to fill those positions due to several factors. They do not have the capacity to take on Sand City as those positions would not be filled for another 5-10 years. The question is if this is doable? It is doable, but will the money you save reflect the level of service you sacrifice. Mr. Ferrante provided a car analogy and added that everyone in the State is experiencing an increase in property crime due to legislative actions that decriminalized felonies to misdemeanors. Sand City does not have this issue as the officers are continually dealing with these people. Target is one store that has seen a decrease in crime. This is an expensive line item on the budget, but the service you are receiving is extremely good for the money you are paying. Sand City is receiving an excellent product for the money. You can contract this out and get a minimum level of service, but you may not be satisfied with that level of service, and you may or may not save money due to the level of PERS contributions. Any new hire would incur personnel costs for the officer filling the beat as well as equipment costs.

Council Member Hawthorne commented that this is why this needs to be studied. The problem he has observed is can the City sustain on-going hiring of personnel when taking into account the budget and expenses. This is a financial issue, not a personnel issue and continuing at the same rate would result in inevitable collapse.

Mr. Meurer asked the Council to consider what level of service you want for the City, as you have to purchase the capacity of that service. The bulk of the costs are associated with the people and the people are associated with the service. The new city manager would have to deal with this and the Council will need to think about prioritizing what their expectations are. It is a multi-faceted problem and agrees with the Chief that the second meeting in May for a 'police' presentation would allow for additional time for data collection.

Council Member Blackwelder suggested that each Council Member take a ride with the Police Chief to experience and survey the daily things that occur. Mr. Ferrante inquired: can the City afford a police department and what level of service are you willing to accept? If there is no choice other than to accept a lower level of service, it would have to be a fiscal decision. The Council may also find there is no other choice and that there are no cheaper police services. He is in agreement with a regional policing model for the Peninsula cities. As costs increase, a regional model may be something that everyone can look at. The level of service may not be the same as is provided now, but it can be something that will come close to that level.

Mr. Meurer added that the reality the Council will need to think about is what the options are. The Council has outlined one option which may be difficult, painful, and emotional. In the end, the police officers may come up with an idea on how to contribute to the solution. Mr. Hawthorne commented that this has to be looked at seriously and does not want to be in the same position that Pacific Grove is in. If the Council is to look into the future he does not want a negative perspective from the public thinking that decisions were made unwisely. Mr. Meurer added that in the 2020 Election, the Council may want to think about a quarter percent tax increase before other agencies consider doing so. The question is do we want to look at this option. The City can research estimates on PERS increases for the next few years as well as property and sales tax increases.

There was Council discussion regarding the possibility of raising the transient occupancy tax and whether this would be feasible, and the decrease in sales tax revenue due to the loss of Orchard Supply. This should be seriously thought of and something that cannot be solved quickly. There was further discussion regarding legislation and future housing implementation, and short-term rentals. Mr. Meurer mentioned that staff would research the subject of short term rentals.

Mr. Meurer spoke to the 5-year Capital Improvement Program, and requested that the Council provide him with a list of priorities and preliminary designs for improvements so that the City can compete for

grants as they become available.

Council Member Hawthorne commented that the TAMC right-of way should be one of the City's top priorities. This would provide for additional parking, from Seaside into Sand City and is incredibly important for the City. He had also mentioned this at the MST Board meetings and they are open to the idea.

There was discussion regarding the idea for a community center and possible donations towards its construction/development. City Attorney Norgaard added that the South of Tioga development does require DBO development to allocate fees towards a community center per the Quimby Act. Staff is presently researching the costs for this. The Mayor added that these in lieu fees for the South of Tioga development should be used towards the possibility of a community center, council offices, or art gallery.

Chief Ferrante spoke to the habitat behind the shopping centers and per the agreement; the City is now responsible for that. State Parks does bring in students to do plantings. California State University Monterey Bay (CSUMB) also has a group that will assist in the habitat management. The City would need to make arrangements to do this.

Mr. Meurer added that he presently has no directive from the Council regarding code enforcement. He would like to address building compliance issues within the City and would like an enforcement strategy for parking issues also. Code enforcement needs to be followed up and funds need to be allocated towards this. Ms. Norgaard commented that having an administrative citations ordinance would help to establish a process for enforcement. Code enforcement should be a program for service and something that Staff takes care of that also raises the level of service to the City.

Mr. Meurer noted that he has received guidance from the Council. The idea of a Budget study session is a good idea and a meeting can be scheduled for a future date.

- B. Engineering and Public Works Department Summary Report comprising of the Sand City Water Supply Project, Storm Water Management Program, City Projects including the West End Stormwater Improvement Project (Prop 1 TA), TAMC Parcel Landscaping Project, Calabrese Park Improvement Project, Prop 68 Grant, Private Development Projects including the South of Tioga Project, and Grant, Community Development, and Planning Department updates by the City Administrator/City Planner.**

City Engineer Leon Gomez reported that there is no desalination plant report as an update from Cal-Am has not been received. Mr. Gomez met with Cal-Ams new engineering manager Tim O'Halloran regarding the new wells project and would like to move the project forward. Mr. Gomez was advised that an agreement needs to be created between the City and Cal-Am to indicate costs and how responsibilities are handled. Cal-Am will be drafting this agreement and sending it to Staff.

Staff conducted a field walk and reviewed the plans prepared by the Technical Assistance (TA) team last week for the stormwater project on Contra Costa and Catalina Avenue. Comments will be provided to the TA team for the project.

Environmental clearance was received from Monterey County for Calabrese Park Improvements. Staff will research whether the CDBG funds need to be used now or if it can be set-aside and used at a future date. A Prop 68 grant may also have the potential to expand the project to include ADA ramps, parking area, and improved sidewalks. The applicant for the South of Tioga project submitted a 700 page document for improvement plans, technical reports, and final maps. They received approximately 170 comments. Final approval may take several months as the review process may go through three or four submittal processes

In response to Council Member Sofer's inquiry regarding the hazmat materials parked at the Carrol building, Mr. Gomez commented that this would need to be escalated. An email received from Scott Ottmar indicated that the materials would be gone by this week. These materials are from the sewer main project performed by the City of Seaside.

AGENDA ITEM 10, NEW BUSINESS

A. Consideration of City RESOLUTION Adopting Amendment #1 to the City Budget for Fiscal Year 18-19

City Clerk Linda Scholink reported that the good news is that the City has gone from a deficit to a \$83,000 positive due mainly to relinquishing the responsibility of constructing the wells. The overall change in revenues is reported on page 46 and the revenues stayed steady with. Major changes were depicted under expenses. The departmental increases are primarily due to salary and benefit increases and the interest rate which has doubled. Page 50 depicts the FEMA grant and the City received more than expected. A majority of the revenues (67%) is from sales/use tax and transactions tax, with 11% coming from Cal-Am. Ms. Scholink reported and explained the big changes to the amended budget in expenditures by department to include the GASB-unfunded liability, Administrative Department's contract services, City Administrator recruitment, Sales

Tax/Transaction Tax Administrative Fees, attorney and outside counsel, and increase in the EMC vibrancy plan. The Police Department depicts an increase of \$300,000 due to increase in salaries and benefits, education, and liability claims. The Public Works Department increased by \$150,000 to include engineering services contract work. There were changes reflected in the Parks Department landscaping, Community Garden, and Government Building maintenance and repair. A large change was depicted in the amount for the desalination plants new wells construction since that will not be expensed this fiscal year.

Ms. Scholink clarified the process of the salary increases for Council Member Cruz.

8:15 P.M. Floor opened for Public Comment.

There was no comment from the Public.

8:15 P.M. Floor closed to Public Comment

Motion to approve the City **Resolution** Adopting Amendment #1 to the City Budget for Fiscal Year 18-19 was made by Council Member Hawthorne, seconded by Council Member Blackwelder. AYES: Council Members Blackwelder, Carbone, Cruz, Hawthorne, Sofer. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

B. Comments by Council Members on Meetings and Items of Interest to Sand City

Council Member Hawthorne previously reported on the TAMC right of way improvements. Due to the absence of two Arts Committee members, a meeting was not recently held and hopes to get back on track upon their return.

Mary Carbone will be working with Monterey-Salinas Transit to schedule a meeting with all the parties involved.

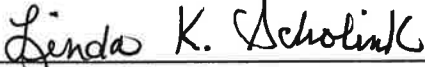
Council Member Blackwelder inquired about the City Manager recruitment process and received a report on its progress. The recruitment will close on May 10, 2019.

C. Upcoming Meetings/Events

The City Clerk inquired about the Economic Summit and MCBC luncheon. There were no RSVP's. She reminded the Council of the City Barbeque on May 18th.

AGENDA ITEM 11, ADJOURNMENT

Motion to adjourn the City Council meeting was made by Council Member Hawthorne, seconded by Council Member Sofer to the next regularly scheduled Council meeting on Tuesday, April 16, 2019 at 5:30 p.m. There was consensus of the Council to adjourn the meeting at 8:29 p.m.



Linda K. Scholink, City Clerk