

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

Regular Meeting – March 19, 2019
5:30 P.M.
CITY COUNCIL CHAMBERS
Sand City Hall, 1 Pendergrass Way, Sand City, CA 93955

Mayor Carbone opened the meeting at 5:31 PM.
Invocation was led by Robert Hellam.
The Pledge of Allegiance was led by Chief Ferrante.

Present: Mayor 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
Shelby Gorman, Administrative Assistant

AGENDA ITEM 4 ANNOUNCEMENTS BY MAYOR AND CITY ADMINISTRATOR

Mayor Carbone discussed the handouts and reports passed out to the Council. SB 5 (Beall/McGuire) Local-State Sustainable Investment Incentive Program was supported by the Mayor as a replacement for redevelopment funds as it has funding made available specifically for smaller cities that the Mayor would like to utilize.

Fred Meurer, Interim City Administrator, said he would like to continue item 8B to the next meeting. Also, Mr. Meurer reported that a party asked him to report to the Council a residential dispute between a landlord and a tenant. A mobile residence was moved onto a property on Diaz Avenue and hooked up to the electricity and water of the residents. The property was red tagged following an inspection. The residents feel unsafe and seek the help of the Council and Interim City Administrator.

Fred Meurer then spoke on the City Administrator position as the application period is open and will close on May 3, 2019. He said he has received several calls of interest already.

Mayor Carbone mentioned the Monterey Airport Land Use Compatibility Plan that was adopted and has provided a public copy for the City.

AGENDA ITEM 5 COMMUNICATIONS

5:37 P.M. Floor opened for Public Comment

There was no public comment.

5:38 P.M. Floor closed to Public Comment.

AGENDA ITEM 6 CONSENT CALENDAR

- A. There was no discussion of February 19, 2019 Sand City Council Meeting Minutes
- B. There was no discussion of February 26, 2019 Special City Council Meeting Minutes
- C. There was no discussion of City/Successor Agency Monthly Financial Report, December 2018
- D. There was no discussion of City **Resolutions** Honoring the Monterey Peninsula Chamber of Commerce Award Recipients:
 - 1) Donna Ferraro – Citizen of the Year
 - 2) Bill Kampe – Ruth Vreeland Memorial Public Official of the Year
 - 3) Elizabeth Diaz-Robert C. Littlefield Award for Lifetime Achievement
- E. There was no discussion of City **Resolution** Designating the Week of April 7 through April 13, 2019 as National Crime Victim's Rights Week

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. **SECOND READING: ORDINANCE Amending Sand City Municipal Code Title 2, Chapter 2.50 to Change the Title of City Administrator to City Manager**

There was no discussion by Council.

5:39P.M. Floor opened for Public Comment.

There was no public comment.

5:39 P.M. Floor closed to Public Comment.

Motion to approve City **Ordinance** Amending Sand City Municipal Code Title 2, Chapter 2.50 to Change the Title of City Administrator to City Manager by title only was made by roll call vote. AYES: Council Members Blackwelder, Carbone, Cruz, Hawthorne, Sofer. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

B. **FIRST READING: ORDINANCE Amending Sand City Municipal Code Section 12.04.010 to Adopt New Engineering Standards**

This item was pulled from the agenda to be discussed at a later meeting.

AGENDA ITEM 9 OLD BUSINESS

A. **Engineering and Public Works Department Summary Report including the Sand City Water Supply Project, Storm Water Management Program, City Projects: 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 Updates. Community Development and Planning Department updates by the City Administrator/City Planner**

Leon Gomez, City Engineer, presented the Engineering and Public Works Department Summary Report. Production through March 18, 2019 was 0 acre-feet. Production for the month of February 2019 was 6.55 acre-feet. This lack of production has been due to high salinity at the intake wells coupled with limits on the discharge.

Council Member Hawthorne said he was surprised the rains have not positively affected the desalination well's production.

Council Member Blackwelder remarked that building the desalination wells was based on the ability of production and that he now has negative feelings about the construction of future wells as a result.

Leon Gomez explained that the production has dramatically dropped in a way that could not have been anticipated.

Mr. Gomez went on speak on the Integrated Regional Water Management Project (IRWMP). Project rankings were recently completed and the City's West End Stormwater Management Improvement Project was ranked in the top 5 projects for the IRWMP to put forward for DWR funding. During the last IRWMP meeting, this project and the Del Monte Manor project in the City of Seaside were thought to be the best and strongest projects to propose for DWR funding because they address urban runoff. The City Engineer has been working with Darla Elswick to review the West End SWMI project ranking and has found several areas where points should have been allocated, resulting in a higher overall score. These comments will be provided to the IRWMP group by March 20, 2019.

In regard the Monterey Bay Shores Resort Project the City Engineer forwarded a letter from the Monterey Peninsula Water Management District regarding PCA West monitoring wells located within the existing site and the need to protect and/or replace said wells if they are damaged during construction of the project.

Construction is moving forward for the Commercial Building at 756 Elder Avenue and stormwater BMPs have been maintained.

The City Engineer provided "submittal01" review comments to the applicant for Camp Transformation on February 22, 2019. The City has not received a re-submittal of the plans from the applicant.

The City has identified potential grant funding through Proposition 68 that may allow for improvements to the park and City Hall parcel, including parking areas. This would be an expansion from the previous conceptual level improvements developed by the City Engineer to provide ADA access, parking, curb, gutter, and sidewalk improvements. City staff will be meeting in the near future to continue to work on this opportunity.

The City Engineer has been continuing work on the review of the Phase 1 Off-site Improvement Plans, final map, and supporting document package, including coordinating with the City Planner to assemble comments from the various departments. In addition, the City Engineer has been coordinating with PG&E on their encroachment permit application for gas service cutoff and electrical service removal work within the South of Tioga area.

Fred Meurer spoke on the South of Tioga Project. So far, two RFQs have been received by City staff to replace Monterey as contracted building officials. Mr. Meurer will review the proposals and give recommendation to Council at the next regularly scheduled meeting.

Mr. Meurer then said that the Mayor had gone to the Monterey Peninsula Water Management District Board meeting to discuss feasibility. She stated that feasibility should be decided by the Board and not by the consultants. The Board responded positively to this speech. Even though the staff has dictated that they will be funded by a consumption-based rate, the Mayor has argued that since this will not require a vote by the people, this may not be in the public's best interest. She has not received reinforcement by Council Members in other cities.

Mayor Carbone corrected Mr. Meurer and said that the Mayor of Del Rey Oaks had come to the meeting to learn and listen.

Fred Meurer spoke on City Hall projects he is overseeing: the scope of work for improving the electronic capabilities and online presence of the City, the asset management project to be considered part of the budget asset strategy, and the procurement manual. The procurement policy will be presented to Council at the next regularly scheduled meeting.

Mr. Meurer talked about his meeting with the Executive Director of the Transportation Agency for Monterey County (TAMC). They toured TAMC's properties in Sand City considered to be blighted and discussed potential short term uses of walk ways, parking, and biking trails.

Council Member Hawthorne said he is amazed by the attention given to Sand City when the City of Seaside has a much larger development in the works.

Fred Meurer explained that the water for that project will come from wells producing for the Ford Ord area; current production for those wells is at 6600 acre feet. Ford Ord is the opportunity for the growth of housing the peninsula needs. Land Watch referred to the source of water as "paper water" because it comes out of the 440 aquifer from the Salinas Valley which is overdrawn. However, that title is part of their efforts to keep Ford Ord wild and not a reflection of the status of production.

AGENDA ITEM 10 NEW BUSINESS

A. Consideration of City RESOLUTION Authorizing the City Attorney to Execute a Contract with Meyers, Nave, Riback, Silver & Wilson, PLC

Fred Meurer said that the development agreement is an important piece of the South of Tioga project and that the approved vesting tentative map already refers to a development agreement. Normally the development agreement would have come first.

Vibeke Norgaard, City Attorney, said most city attorneys refuse to take on a development agreement as it is a highly complex area of land use law and is commonly outsourced. Meyers, Nave, Riback, Silver & Wilson were recommended as their team specializes in this area of the law. The goal of the development agreement is to bridge the gap between the vesting tentative map and final occupancy. The vesting tentative map overlooked details that will be resolved in the development agreement. Ms. Norgaard has met with Charles Pooler, City Planner, and John Kuehl, Building Official, to discuss what gaps need to be addressed in the development agreement. There is a meeting on Thursday to discuss this agreement with DBO.

The consultant with Meyers, Nave, Riback, Silver & Wilson, PLC has agreed to take on more of a consulting role to assist the City Attorney and Ms. Norgaard will take on as much of the agreement as possible.

Fred Meurer said that Ms. Norgaard has not had to outsource contract work yet this fiscal year so she does have the full budget to use on this project. The priority is that this project is finished. The developer agreement will also need to include a development bond. He seconds the recommendation that this is the most efficient way to proceed with the project.

Council Member Hawthorne asked if this agreement will be necessary prior to demolition.

Fred Meurer said it would be ideal as it includes the performance bond. The City is behind schedule without a development agreement or disposition strategy. The permit and asset management system will also need to be assessed and implemented in relation to this project. The City will need to decide who is going to work on this. Monterey outsources firms for these tasks. Sand City should work to move on multiple fronts in order not to delay DBO and project development.

Council Member Hawthorne asked why the development agreement would cause a major delay.

Vibeke Norgaard answered that the development agreement is required within the vesting tentative map and so this will not be a surprise for DBO and should not cause a major delay. The City does have a reimbursement agreement with DBO which could potentially reimburse funds for the development agreement.

6:15 PM Floor opened for Public Comment.

There was no public comment.

6:15 P.M. Floor closed to Public Comment.

Motion to approve City **Resolution** Authorizing the City Attorney to Execute a Contract with Meyers, Nave, Riback, Silver & Wilson, PLC was made by Council Member Sofer, seconded by Council Member Cruz. AYES: Council Members Blackwelder, Carbone, Cruz, Hawthorne, Sofer. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

A. Discussion and Update of Mid-Year Budget Review

Fred Meurer presented the update of the Mid-Year Budget Review. He described the budget as the single most important document done each year. It is the vehicle that provides resources to City staff in order to achieve the goals of the Council. It should not be developed by the finance office, but as a partnership between the City Council, City Administrator, and City staff to capture what the Council sees as the highest priority for spending resources for the short and long-term. It is also a communication tool to the community and staff to act as guidelines for decision-making; if priorities are captured in the budget, long term goals will be on track to be achieved. The budget is part discipline for operating the City and part dictation to the staff what their priorities should be. He directed Council to think of the future of the City when considering the budget. He mentioned several issues with the budget such as the lack of strategy for offsetting bond payments and potential PERS fee increases. He emphasized that these factors need to be taken into account.

Mr. Meurer continued to say that the highest percentage of revenue for Sand City comes from sale tax. Other cities are beginning to realize the vulnerability the City is exposed to as a result. He said that the best solution is a good Council strategy to include a mixed portfolio of revenue and that contingency plans based on the potential for development can be made but should not be relied on.

The existing strategy for funding consists of the administrative budget plus the five year capital improvement plan. Currently, the Vibrancy plan is underfunded. There is a request by the public to complete the plan for

additional funds. Inclusion of the Vibrancy Plan in the General Plan or Specific Plan would become City law. He insisted that the Council seek out how to guarantee the Vibrancy plan be woven into the fabric of the City to ensure the future use of the current investment in this plan. He also insisted the City needs a vigorous code enforcement plan blessed by the Council to encourage consistency.

Mr. Meurer then spoke on the subject of City offices. He described them to be under-spaced and understaffed. There are plans to extend the City Hall and potential community center; however, these take a plan and resources to be done and hold budget implications.

Mr. Meurer changed the subject to changes in revenue. There is a quarter of a percent of transaction tax the City can pursue. The Council should consider what this tax revenue could buy or protect the City from. This should be introduced if valued by the Council. A code enforcement plan should also be started soon as to prevent the issue from continuing onto the plate of the future City Administrator. Other issues with City structure and City fees need to be addressed in conjunction with budget development. The philosophy of maintaining low business fees cannot sustain the level of services the fees pay for. The discrepancy in revenue is then funded by the General Fund which could be better employed elsewhere.

Mr. Meurer mentioned parking and that a policy regarding enterprise funds could be created with TAMC to provide parking to be sold for permit fees to increase revenue for the City. Some sort of parking program should be addressed with budget discussion.

The Mid-Year Budget review will be officially presented to the Council at the April 2, 2019 meeting. Comments and concerns should be addressed to Fred Meurer prior to this meeting.

Council Member Hawthorne insisted that the City needs to look ahead and get serious about a strategy. There is a loss of revenue that is not being quickly replaced. Chunks are coming out of the budget that should concern the Council.

Council Member Sofer mentioned that the biggest interface zone between the public and the police are the shopping centers. And that this is the most dangerous area as well.

Chief Ferrante agreed but assured that there have been issues in all parts of town.

Council Member Sofer asked how this will be impacted by the South of Tioga project.

Chief Ferrante answered that an increase in staff will need to be considered to address the visitors. Full staff for full time policing will be needed.

Fred Meurer said that this issue has been covered in the Community Facilities District discussions as the CFD addresses funding. It is currently with DBO.

Mayor Carbone noted that the numbers for police staffing were specifically addressed and calculated within the CFD. She then said that planning fees will need to be posted on the website before permits are addressed. The quarter of a percent for transaction tax could be on the 2020 Council election ballot. There is a schedule if council would like to go in that direction.

Council Member Hawthorne stated that the quarter of a percent is more of a safety net than a substantial source of revenue.

Mayor Carbone agreed saying there will not be any one thing that will “save” the City. The Mayor’s Report handed out to Council addresses ways of reviving the loss in sales tax.

Council Member Hawthorne brought attention back to the CalPERS issues, saying that it is a big deal with big numbers and that the Council needs to be serious about how that will carry in the future.

Fred Meurer insisted that there is a greater capacity for sales tax. An issue could be a foreign agency looking to capitalize on the portion of sales tax the City is not claiming. The Council also needs to consider the loss of revenue and new requirements the Council identifies as necessary to grow Sand City into what they want it to be. Space also needs to be designated in a more functional way to address the City’s needs.

Fred Meurer instructed staff to give direction to Council in relation to budget discussions.

Chief Ferrante said he will present on public safety in the future to discuss needs within the budget.

Leon Gomez spoke on the five year Capital Improvement Plan as a strategy for how to implement improvements such as the corridor on Tioga Avenue. In regard to the Mid-Year Budget Review, grants are great, but there is a level of management of these grants that will need to be kept in mind. There is great effort required to actually get a grant, let alone one to cover costs fully.

Shelby Gorman said that the time for implementation of the budget should be considered with the inevitable increase in the population.

Council Member Hawthorne agreed that now is the time to be addressing major budget concerns, as the increase in population with the decrease in revenue could lead to sizable impacts.

Council Member Cruz asked Fred Meurer to provide bullet points of the top observations he has found in the budget that the Council should pay extra attention to.

Fred Meurer said he will send out a memo on his financial perspective. And that he recommends a study session with Council and staff to hear firsthand what the financial realities are of the City.

B. Consideration and Update regarding Recommended Financial Policies

Fred Meurer described the recommended fiscal policies as a form of discipline for staff, Council, and the public. The revenue policies set up the idea of an enterprise fund where the revenue generated would be set on paying for maintenance fees. Fees would be determined by an assessment of the level of service the public pursues and its cost. Support for the public should be taken into great consideration as well.

Mr. Meurer then spoke on non-enterprise funds with fees being the biggest source of these funds. From a policy point of view, the Council has the choice to either subsidize development fees or seek out full reimbursement. The document says that the fees would be set by a combination of the Council's goals, a fee study, and public comment. A policy would ensure equal treatment of all of those who pay fees.

Council Member Hawthorne stated that fees agreed upon by those in the community will carry a greater weight and accountability for collection.

Fred Meurer went on to say that the document will ensure the City will have a balanced budget. Inflationary increases in revenue will be used to offset inflationary increases in expenditure. The City needs to look to grow revenue with expenditures and plan ahead for future costs by budgeting yearly for large future expenditures.

Mr. Meurer said that the policies will also ensure that public safety is done efficiently to provide for the safety and health of the community. He recommended the City also look to hire a new audit firm every three years to ensure fresh eyes on the City's finances.

Mr. Muerer continued, speaking on capital fees, debt, reserves, self-insurance, PERS costs, OPEB, and property acquisition. He said he will

return to Council with a resolution for the policies when the budget is presented for approval.

Council Member Hawthorne said that implementation and review of the policies would lead to better judgement on behalf of the staff and the Council.

Fred Meurer agreed, saying that the goal of the policies is to get the council thinking in order to provide him with discussion and guidance for the budget.

Council Member Hawthorne suggested that he would feel more comfortable with a higher reserve rate.

Fred Meurer said the current rate is sufficient and that the Council needs to look at cutting expenditure, increasing revenue, or cutting down on projects.

Council Member Blackwelder said that the City Council did not have big plans prior to the Vibrancy Plan that would require such an in-depth vetting of the budget.

Fred Meurer insisted that incorporating plans into the General Plan gives the goals of the Council more weight now and in the future. For example, the grant to enhance Contra Costa Street does not currently have a funding source for matching fees. These policies could ensure a set of tools to address future financing concerns.

The Council gave staff direction to proceed with the implementation of the financial policies.

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

Council Member Sofer went to a TAMC bike meeting. She said she struggled to understand how to make their grant money applicable to potential projects within the City and sought direction from City staff.

Council Member Cruz spoke on the TAMC rail meeting she attended. The meeting covered the current rail system but was not specific to Sand City. She said she would like to spend additional time with this committee as it will become pertinent to the Monterey Peninsula and the City should become a part of that.

Council Member Blackwelder attended a health conference on behalf of the Mayor.

D. Upcoming Meetings/Events

Mayor Carbone mentioned the Monterey Peninsula Chamber of Commerce's 111th Annual Awards Dinner on Saturday, March 23, 2019; the Monterey County Association of Realtor's Marketing Meeting Mixer on Thursday, March 21, 2019 where she will be speaking; the Monterey County Peace Officers Association's 49th Annual Peace Officer of the Year Awards Dinner on Friday, March 22, 2019; and Community Human Service's All Women's Ball on Friday, March 22, 2019.

The Mayor then held a moment of silence for a community member who passed.

AGENDA ITEM 11 CLOSED SESSION

7:40 PM

- A. City Council/Agency Board adjourned to Closed Session pursuant to Government Code Section 54956.8, Conference with Real Property Negotiator regarding new well construction for desalination facility.
Agency Negotiator: Interim City Administrator
Location: Public Right of Way along Sand Dunes Drive near West Bay Street


- B. City Council/ Agency Board re-adjourned 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.

8:03 PM

Council gave direction to Fred Meurer, Interim City Administrator, and Vibeke Norgaard, City Attorney, on how to move forward with Cal Am and the new wells.

AGENDA ITEM 12 ADJOURNMENT

Motion to adjourn the City Council meeting was made by Council Member Blackwelder, seconded by Council Member Hawthorne to the next scheduled Council meeting on April 2, 2019. There was consensus of the Council to adjourn the meeting at 8:04 PM.



Linda K. Scholink, City Clerk