

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

Regular Meeting – April 2, 2013
7:00 P.M.
CITY COUNCIL CHAMBERS

Mayor Pendergrass opened the meeting at 7:01 p.m.

The invocation was led by Reverend Carl Kelleher.

The Pledge of Allegiance was led by Police Chief Michael 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
 Leon Gomez, Interim City Engineer
 Michael Klein, Police Chief
 Connie Horca, Deputy City Clerk

AGENDA ITEM 4, COMMUNICATIONS

- A. Written communication distributed to the Council were a revised Resolution (Agenda item 5B), a list of ‘no conflicts’, and a letter from the United Way Boys and Girls Club thanking the Council for their sponsorship.

- B. Oral

7:03 P.M. Floor opened for Public Comment.

There was no comment from the Public.

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 March 19, 2013 Council Meeting Minutes.
- B. There was no discussion of the revised City **Resolution** recognizing Gay Morris as a former member of the Sand City Arts Committee.
- C. There was no discussion of the City/Successor Agency Monthly Financial Report, February 2013.
- D. There was no discussion of the Monthly Fort Ord Reuse Authority (FORA) Report, March 2013.
- E. There was no discussion of the City **Resolution** accepting the conditions pertaining to a US Department of Agriculture (USDA) Grant in the amount of \$15,000 to assist in the defrayment of cost for two police vehicles.

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

AGENDA ITEM 6, CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR

There were no items pulled from the Consent Calendar.

AGENDA ITEM 7, OLD BUSINESS

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

Interim City Engineer Leon Gomez reported that the desalination plant water production for the month of March was 21.03 AF. The total year to date water production is 57.71 AF. The desalination plant is currently undergoing repair of the booster pumps, and other mechanical issues related to the pumps. Cal-Am anticipates that the plant should be operable some time by the end of the week. He expressed his concern regarding the plant's water production goal of 25 AF per month and possible solutions to bring the water production numbers up.

City Administrator Steve Matarazzo reported that Sand City's rate case is scheduled to be reviewed by the California Public Utilities Commission (CPUC) this Thursday. Cal-Am seems is relatively satisfied with the outcome of the final proposed decision, and expects full cost recovery of the desalination plant. He also communicated his concern regarding the plant's water production numbers with Cal-Am's General Manager, Eric Sabolsice. Mr. Sabolsice believes that the addition of another well or two can increase the water production numbers to meet the desired monthly average of 25AF.

Mayor Pendergrass commented that the President of Cal-Am complimented Sand City's staff, especially the City Attorney and the City Administrator for

their work regarding assistance in the rate case.

AGENDA ITEM 8, NEW BUSINESS

A. Consideration of Mid-Year Review of Fiscal Year 2012/13 Budget Revenues and Expenditures

City Administrator Steve Matarazzo presented the Mid-Year Review of the Fiscal Year 2012/13 Budget revenues and expenditures. He reported that there is a small structural deficit of approximately \$53,000. There was also a one time extraordinary loss due to the State taking the \$2.2 million from the City's Low to Moderate Income Housing Fund (LMIHF) as a result of Redevelopment dissolution and re-directing those funds to the local taxing entities. The City's recurring revenues primarily come from property tax, sales tax, business license fees, utility tax revenues, and the desalination plant lease payment. Even with these recurring revenues the City needs to consider other income sources to increase its revenues. The City has frozen several positions within the police department, and City staff has assumed dual positions; resulting in a savings of \$750,000 annually. At the last Budget Committee meeting, the Budget Committee suggested holding a budget workshop to look at the City's structural deficit, to figure out how it may be resolved, including a review of a possible transactions tax increase of ½ %.

Mayor Pendergrass commented that Staff should present anticipated and future projects that would enhance the Budget. The Council discussed the possibility of increasing the transactions tax so that the City does not continue to dip into its reserve funds to meet the structural deficit.

Council Member Blackwelder commented that the City cannot continue to count on future projects until those projects actually come to fruition. A budget workshop would allow the Council to discuss this issue further.

The City Administrator added that the workshop can be scheduled when the City has had a chance to meet with the Department of Finance to resolve their request for an additional \$2.5 million dollars from the City. Staff is hopeful that this issue will be settled within the next thirty days, and that the budget workshop can be held in early May prior to the next fiscal year budget review.

B. Consideration of City Resolution confirming city participation in the Community Choice Aggregation Project Development Advisory Committee

Mayor Pendergrass reported that the Community Choice Aggregation Project Development Advisory Committee would allow agencies to explore the feasibility of pooling their power demand needs, and the opportunity to work with PG&E in researching more renewable and sustainable sources of power. There will be no cost to the City to participate in the feasibility study.

Motion to approve the City **Resolution** confirming City participation in the Community Choice Aggregation Project Development Advisory Committee was made by Council Member Carbone, seconded by Council Member Hubler. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSTAIN: None. ABSENT: None. Motion carried.

C. **Upcoming Meetings and Events**

There were no RSVP's from the Council.

AGENDA ITEM 9, CLOSED SESSION

7:28 P.M.

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

1) To confer with Legal Counsel regarding pending litigation in accordance with Government Code Section 54956.9(d)(1):

- a) *Monterey Peninsula Water Management v. State Water Resources Control Board (No. M102101), and related cases*
- b) *Cal-Am Application to CPUC No. 10-04-019 for Order Authorizing Recovery of Costs for Lease and operation of the Sand City Desalination Facility*
- c) *Seaside v. Sand City (No. M120996) and related cross action*

2) Conference with Legal Counsel in accordance with Section 54956.9 of the Ralph M. Brown Act, regarding Claim against Monterey County Reimbursement of Property Tax Administration Fee

7:53 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 Council received a report from the City Attorney on Items A (1a-c). The Council authorized joining in an action with other county Cities to file against Monterey County to recover the Property Tax Administration Fee subject to the claim the City had made.

AGENDA ITEM 10, ADJOURNMENT

Motion to adjourn the City Council meeting was made by Council Member Blackwelder, seconded by Council Member Kruper to the next regularly scheduled Council meeting on Tuesday, April 16, 2013 at 7:00 P.M. There was unanimous consensus of the Council to adjourn the meeting at 7:54 P.M.



Connie Horca, Deputy City Clerk