

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

May 7, 2013
Closed Session/Budget Workshop Meeting – 5:00 P.M.
Regular Meeting – 7:00 P.M.
CITY COUNCIL CHAMBERS

5:00 P.M. CLOSED SESSION

Mayor Pendergrass called the meeting to order at 5:07 P.M.

AGENDA ITEM 1, ROLL CALL

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
 Connie Horca, Deputy City Clerk

5:08 P.M.

- 2. A. City Council /Agency Board to adjourn to Closed Session to confer with Legal Counsel regarding pending litigation in accordance with Government Code Section 54956.9(d)(1)**
- a) *Seaside v. Sand City (No. M120996) and related cross action***

5:59 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 received advice from Legal Counsel regarding the listed case, and gave direction to Legal Counsel.

AGENDA ITEM 3, BUDGET WORKSHOP Meeting

AGENDA ITEM 4, PUBLIC COMMENT

There was no comment from the Public.

AGENDA ITEM 5, DISCUSSION ITEM

A. Consideration of Long-Term Fiscal Policy

In preparation for the Fiscal Year 2013-14 Budget, the Council discussed the City's current and future financial obligations. Several topics were discussed in regard to future revenue producers, including the implementation of a 1/2 percent Sales & Transactions Tax as part of a General Municipal Election, or Special Election and a Transient Occupancy Tax (TOT) from potential Coastal Resort Projects. The Council further discussed the City's contingent financial liabilities such as the pending Seaside Litigation, potential repayment to King Ventures should the proposed project for the McDonald and Sterling sites not move forward, and the State Department of Finance's (DOF) claim that the Successor Agency owes an additional \$2.235 million to the taxing entities. Discussion of future revenue requirements for capital improvements, and unfunded liabilities included the repair and maintenance of roadways (estimated at \$100,000 annually), the cost of the East Dune's Habitat residential development (estimated at \$1 million), the remodel and expansion of City Hall (estimated at \$3 million) and the future pay down of unfunded liabilities (estimated at \$500,000 annually) to be paid into an earmarked investment fund. At present, the City's structural deficit would continue to be covered by reserve funds. There appeared to be consensus that a further ½ cent transactions tax should be placed on the November 2014 Ballot.

AGENDA ITEM 6, ADJOURN to 7: 00 p.m. Regular Council Meeting

There was consensus of the Council to adjourn at 6:48 p.m.

7:00 P.M. REGULAR COUNCIL Meeting

Mayor Pendergrass opened the meeting at 7:00 P.M.

AGENDA ITEM 2, PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Pendergrass.

AGENDA ITEM 3, ROLL CALL

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
Connie Horca, Deputy City Clerk

AGENDA ITEM 4, COMMUNICATIONS

A. Written communication distributed to the Council were a 'no conflicts' list and a legal opinion letter (Agenda Item 7A).

B. Oral

7:02 P.M. Floor opened for Public Comment.

Charlie Cordova representing Green Waste Recovery, commented that their company is conducting a tour of its facilities, and extended an invitation to the City Council. The tour will be held at their Watsonville location on May 22, 2013. The purpose of the tour would be to introduce and inform Public Officials of services they offer, and to familiarize them with Green Waste Recovery's plant operations.

7:04 P.M. Floor closed to Public Comment.

AGENDA ITEM 5, 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 #216, Skips Auto Parts (*formerly Integrity Automotive*) (machine shop), 371 Orange Avenue

(2) CUP #246, Inter-city Manufacturing (manufacturing), 501 Redwood Avenue

(3) CUP #253, Barry Hartzell Auto (automotive), 510 & 520 California Avenue

(4) CUP #390, The Gardner's Friend (office / storage), 605 Redwood Avenue

(5) CUP #504, Detail Associates (wholesale), 679-B Redwood Avenue

(6) CUP #72 Sea Life Supply (marine fish), 740 Tioga Avenue

(7) CUP #418 Jaroslav Stepanek (woodshop/storage), 341 Orange Avenue

(8) CUP #494 Arthur Brost (sales), 433 Orange Avenue

(9) CDP #93-05 Monterey Cabinet & Woodworking (woodshop), 409 Ortiz Avenue

B. There was no discussion of the April 16, 2013 Council Meeting Minutes.

C. There was no discussion of the City **Resolution** recognizing May 8, 2013

as California's Day of the Teacher.

- D. There was no discussion of the City **Resolution** recognizing the Week of May 19-25, 2013 as Classified School Employee Week.
- E. There was no discussion of the acceptance of City/Successor Agency Treasury Report for the period ending March 31, 2013.
- F. There was no discussion of the City Allocation to Community Human Services of the Joint Powers Authority for Fiscal Year 2013/14 of \$3,200.
- G. There was no discussion of the City **Resolution** approving an expenditure not to exceed \$4,500 for the Monterey Peninsula Regional Water Authority (MPRWA) Fiscal Year 2013-14 Operating Budget and Administrative Cost.
- H. There was no discussion of the Monthly Fort Ord Reuse Authority Report (FORA) April, 2013.

Motion to approve the Consent Calendar items was made by Council Member Carbone, seconded by Council Member Blackwelder. 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, Successor Agency Oversight Board Actions, 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 produced 14.3 acre feet of water since April 17th following the repair of the booster pumps. The plant has been operable and working well. An engineering firm from Northern California has conducted road surveys around Costco for a proposed gas station. A meeting with Staff and Costco representatives is scheduled for mid May.

City Administrator Steve Matarazzo reported that at the Oversight Board meeting on May 6th, the Local Educational Agency (LEAs) claim that the former Redevelopment Agency owes approximately \$1.6 million in back pass-through payments. Staff believes that the payment due began in 2011, when the request was made. Legal Counsel Clarissa Canady, representing Monterey Peninsula Unified School District (MPUSD) stated that payments owed are for the entire period beginning in 1987 when the agreement was initially entered into. The LEAs would like to come to some

form of resolution and settle the issue out of court.

City Attorney Jim Heisinger reported that the Sand City Successor Agency requested a 'meet and confer' with the State Department of Finance (DOF) regarding the rejection of a portion of ROPS 13-14A. According to DOF, the term "contingent liability" was not acceptable. In regard to the letter received from the LEA's legal counsel, it was the first time the Successor Agency had seen it. Several representatives from the schools were present at the Oversight Board meeting, and expressed their desire for some form of settlement regarding the amount of pass-through payments owed to the LEA's.

AGENDA ITEM 8, NEW BUSINESS

A. Upcoming Meetings/Events

Mayor Pendergrass reminded the Council of the upcoming League of California Cities Conference to be held in September at the Sacramento Convention Center. There were no additional RSVP's from the Council.

AGENDA ITEM 9, CLOSED SESSION

7:14 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*

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

7:31 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 received a report from Legal Counsel regarding the CPUC decision authorizing Cal-Am's recovery of cost for the desalination plant (Item 9A(1-b)), and received a report from Legal Counsel on negotiations occurring between Special Counsel hired by other County Cities in regard to the Property Tax Administration Fee (Item 9A(2)).

AGENDA ITEM 10, ADJOURNMENT

Motion to adjourn the City Council meeting was made by Council Member Blackwelder, seconded by Council Member Carbone to the next regularly scheduled Council meeting on Tuesday, May 21, 2013 at 7:00 p.m. There was unanimous consensus of the Council to adjourn the meeting at 7:32 p.m.



Connie Horca, Deputy City Clerk