

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

Regular Meeting – July 17, 2012
7:00 P.M.
CITY COUNCIL CHAMBERS

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

The invocation was led by Reverend Robert Hellam.

The Pledge of Allegiance was led by Police Chief Michael Klein.

Present: Council Member Blackwelder
Council Member Carbone
Council Member Hubler
Council Member Kruper (excused absence)
Mayor Pendergrass

Staff: Steve Matarazzo, City Administrator/Community Development Director
Jim Heisinger, City Attorney
Richard Simonitch, City Engineer
Charles Pooler, Associate Planner
Connie Horca, Deputy City Clerk

AGENDA ITEM 4, COMMUNICATIONS

A. Written communication distributed to the Council was a list of possible conflicts for tonight's meeting.

B. Oral

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

Public Member Jim Mooney commented that he is developing a program to work with the unemployed and underemployed Veterans. He believes that we not only need to create jobs, but also small businesses. The program focuses on developing the skills and talents Veterans already possess, and teach them to turn it into a small business. Mr. Mooney provided handouts to the Council.

Sand City Resident Ron Brown asked the Council if there was a specific contract term on Consent Calendar item 5G regarding the City resolution allocating up to \$2,000 to fund additional animal control services.

Mayor Pendergrass confirmed that the contract is for the fiscal year beginning

July 2012, and ending June 30, 2013.

Sand City Resident Dottie Difetti commented that skunks throughout the City have posed a problem to many residents. A neighbor puts food out for cats, which the skunks are attracted too. She suggested the City write a letter to residents informing them that such actions attract skunks and other animals into the City.

Mayor Pendergrass, thanked Ron Brown for the great job he has been doing in capturing these animals and humanely relocating them out of town.

Sand City Resident Susan Collins thanked the Council for their support in regard to the Community Garden. This Saturday will mark the one year anniversary of the garden; for which the residents and garden volunteers will be hosting a barbeque. It is scheduled for Saturday, July 21, from 1:00 to 4:00 p.m. Food and entertainment will be provided. She extended the invitation to Council and Staff.

West End Celebration Coordinator Steve Vagnini announced that preparations for the West End Celebration are going as planned. He dropped off tickets for the event at City Hall. The Friday night concert will be a fund raiser for two Sand City residents, and there may possibly be another fund raising concert for Saturday evening. He requested to be placed on the August 7 agenda so he may give a more detailed status report.

7:13 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. 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 #377, Hartzel Automotive (auto), 510-A California Avenue
- (2) CUP #399, Edgewater Center, (retail/multiple sites), 915, 925 Playa & 2030 California
- (3) CUP #419, Carmel Tile/Doubleday (showroom/storage), 1725 Contra Costa
- (4) CUP #495, Alternator & Starter Exchange (assembly), 352-B Orange Avenue
- (5) CDP 97-05, Monterey Bay Restaurant Equipment (retail/wholesale), 325 Elder Avenue
- (6) CUP #321, Groves Masonry (storage yard), 872 Afton Avenue
- (7) CUP #368, Jersey's (food service), 832 Playa Avenue
- (8) CUP #463, Monterey Mattress (showroom), 1714 Contra Costa
- (9) CUP 521, Michael Sweeney (storage), 467 Shasta Avenue
- (10) CUP #522, North Bay Rehabilitation (contractor), 701 Redwood Avenue
- (11) CDP 11-09, Rebecca Bernstein (hydrotherapy), 1807-B Contra Costa

- B. There was no discussion regarding the approval of the Sand City Council Meeting Minutes, June 19, 2012.
- C. There was no discussion regarding the Police Department Monthly Report, June 2012.
- D. There was no discussion regarding the Public Works Monthly Report, June 2012.
- E. There was no discussion regarding the City Resolution approving a Time Extension to October 31, 2012 of Multiple Conditional Use Permits (CUPs 450, 503, 508, & 527) and Coastal Development Permits 08-03 & 11-03 to continue as interim uses at their respective locations within the South of Tioga Project Area.
- F. There was no discussion regarding the City Resolution authorizing the Monterey County Health Department to apply for State Block Grant Funding on behalf of Sand City towards the Countywide Used Oil Recycling Program.
- G. There was no discussion regarding the City Resolution allocating up to \$2,000 to fund additional Animal Control Services within Sand City.
- H. There was no discussion regarding the City Donations/Contributions to Community Human Services JPA Allocation for \$3,100, Suicide Prevention Service for \$500, Monterey County Convention and Visitors Bureau for \$2,000, Monterey County Film Commission for \$500, and the Panetta Institute for Public Policy for \$500.
- I. The City Resolution granting the City Administrator authorization to execute a Water Assignment Agreement and assign 0.249 acre-feet of water from the Sand City Water Entitlement for "The Independent" Mixed use Development at 600 Ortiz Avenue in Sand City was pulled from Consent and considered under Agenda Item 6.
- J. There was no discussion regarding the City Resolution approving a One (1) Year Agreement with the Monterey County Weekly for continued participation of Co-op Advertisements during the 2012/13 Fiscal Year.
- K. There was no discussion regarding the Successor Agency Resolution approving the expenditure of up to \$2,000 for electric power to the Community Garden Property on Dias Street.

Motion to approve Consent Calendar items 5A through 5H, 5J and 5K was made by Council Member Carbone, seconded by Council Member Kruper. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

{Council Members Hubler and Kruper stepped down from the dais due to a possible conflict of interest by residing within 500' of the subject property}

AGENDA ITEM 6, CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR

City Administrator Steve Matarazzo reported that when water was first allocated to the Independent there were no specific plans. Now that construction plans have been submitted, a correct recalculation for water demand was done.

Motion to approve the City Resolution granting the City Administrator authorization to execute a Water Assignment Agreement and assign 0.249 acre-feet of water from the Sand City Water Entitlement for "The Independent" Mixed use Development at 600 Ortiz Avenue in Sand City was made by Council Member Carbone, seconded by Council Member Blackwelder. AYES: Council Members Blackwelder, Carbone, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: Council Members Hubler and Kruper.

{ Council Members Hubler and Kruper returned to the dais }

AGENDA ITEM 7, PRESENTATION

- A. Executive Director Debbie Hale of the Transportation Agency for Monterey County (TAMC) presented a project for improvements to Highway 156. One reason why this project is a priority is due to being a main thoroughfare from the Monterey Peninsula to Highway 101. It is the only segment of highway that has one lane in each direction. TAMC has been working with Cal-Trans for several years to initiate the project, and TAMC received a Federal earmark that was matched with Cal-Trans funds applied to completing an environmental study regarding a four lane freeway to the south of the existing alignment. The existing alignment would become a new frontage road. A new interchange would occur at Castroville Boulevard, eliminating the stoplight. Phase II of the project would construct a major interchange at 156 and 101, linking to San Miguel Canyon Road. The need for the project would provide congestion relief and eliminate access points that are currently along the road. Highway projects provides construction jobs, and bring more long term jobs. Funding is the primary challenge for this project. There are no longer Federal earmarks or stimulus funds, and State monies are limited. An option to jumpstart this project would be tolling. If tolling were to occur, the project could potentially begin in 2019. Tolling would be the primary revenue source to build the project. Tolling would occur electronically using a plastic transponder or via a camera that takes a photo of the license plate. TAMC voted with Cal-Trans to research who would pay, the cost involved, how high of a toll, what kind of impacts would occur along the surrounding roads. Various scenarios would examine if payment of the toll be applied in one direction only, would be during heavy traffic, and how long this toll would be, and if there would be a sunset date. Cost estimates for Phase I of the project would require a net of \$60 million for construction. Phase II costs would require \$150 million. A request for proposals would be submitted for traffic and a revenue study, as well as an economic analysis that will go before TAMC's board in September. Public Workshops are being held, and presentations are being made to various City Councils. Once all this information is gathered, TAMC would decide whether to lobby the State. If the State agrees, TAMC and/or Cal-Trans would request proposals from consultants to present a detailed analysis of the project.

There was Council discussion on the kinds of reaction that were received by TAMC regarding the project. A few homeowners groups expressed their concern; however, at this point, many questions are being asked which the tolling study

should answer.

AGENDA ITEM 8, PUBLIC HEARING

- A. Associate Planner Charles Pooler reported that last year the Council issued a coastal development permit to Nicolas Tortorelli authorizing the use of property at 715 Tioga Avenue to display and sell stone sculptures and fountains. Last year, members of the public expressed concerns regarding traffic impacts on Tioga Avenue. Staff reviewed the Police Departments weekly activity reports from mid September 2011 to early June 2012. During that time no reported accidents/collisions on Tioga Avenue were related to the applicant's property, use, or access. As a condition of permit approval, the property owner was required to obtain an easement from Cal-Trans to accommodate widening the driveway entrance. Cal-Trans approved the easement in late May. As of July 10, the concrete apron has been completed. Staff recommends approval of the attached resolution making a determination that the traffic conditions are acceptable, and that the applicant's use be allowed to continue.

7:34 P.M. Floor opened to Public Comment.

The applicant Nicolas Tortorelli commented that he has received positive feedback from people who like the use. He receives approximately 5-10 people per day. Business is doing fairly well and he gets inquiries.

Mayor Pendergrass mentioned that Sand City advertises with the Monterey County Weekly, and local businesses are encouraged to share advertisement space with the City. Staff may be contacted for more information.

Motion to adopt the City **Resolution** approving Coastal Development Permit (CDP) 11-06 for Nicholas Tortorelli allowing the use of an existing fenced yard for the display and sales of garden statues, fountains, and plants on property located at the Northeast Corner of Highway 1 and Tioga Avenue overpass intersection (APN 011-011-020) 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 9, OLD BUSINESS

- A. City Engineer Richard Simonitch reported that the desalination plant water production report from Cal-Am indicated that the plant has produced 11 acre feet as of July 15. He will be meeting with a newspaper from Santa Cruz tomorrow to give them a tour of the desalination plant. Santa Cruz is looking at constructing their own desalination facility and wanted to look at Sand City's success story. The Orosco Groups' superintendent met with P.G. & E. last week. They have worked out a plan to find a solution to get the lights operable on Ortiz Avenue. The Orosco Group is spending their time and money in order to find a resolution.

City Administrator Steve Matarazzo reported that by the next meeting, the Council will be updated on the proposed grant for additional parking at City Hall. A call was made to the grant coordinator at the Housing and Community

Development Department, but we have not received a response yet. Staff is hopeful to hear back from them by next week.

AGENDA ITEM 10, NEW BUSINESS

- A. City Administrator Steve Matarazzo reported that the next four agenda items, 10A through 10D, are all related and the resolutions may be voted upon consecutively. Item 10A is an administrative budget that Staff would like to present to the Oversight Board at their next meeting. AB 26 allowed \$250,000 a year for Successor Agency staffing to help dissolve the former Redevelopment Agency. The County Auditor has already disbursed \$125,000 to the City for the first half of this fiscal year. Staff recommends approval of the attached Successor Agency Administrative Budget.

Mayor Pendergrass commented that although the City has a small Staff, they have been working very hard and efficiently regarding redevelopment issues.

Motion to approve the Successor Agency **Resolution** approving an Administrative Budget for Fiscal Year 2012-2013 was made by Council Member Carbone, seconded by Council Member Kruper. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

- B. City Administrator Steve Matarazzo reported that this resolution is a similar cooperative agreement entered into by the former Redevelopment Agency and the City. The attached cooperative agreement allows City Staff to be used for the purpose of Successor Agency staffing, and allows the Successor Agency, through its administrative allowance, to reimburse the City.

Motion to approve the City **Resolution** approving a Cooperative Agreement for advance and reimbursement of administrative, overhead and other expenses between the City of Sand City and the Successor Agency to the Sand City Redevelopment Agency was made by Council Member Blackwelder, seconded by Council Member Kruper. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

- C. Motion to approve the Successor Agency **Resolution** approving a Cooperative Agreement for advance and reimbursement of administrative, overhead and other expenses between the City of Sand City and the Successor Agency to the Sand City Redevelopment Agency was made by Agency Member Carbone, seconded by Agency Member Hubler. AYES: Agency Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

- D. City Administrator Steve Matarazzo reported that this Recognized Obligation Payment Schedule (ROPS) is similar to the two ROPS already approved. This ROPS is due to the Department of Finance (DOF) by September 1, and must be approved by the Oversight Board at its upcoming meeting in August. Subject to new legislation, if the DOF does not receive a payment schedule by the due date, then the City may be subject to a fine of \$10,000 per day. The ROPS shows the

same obligations as previously reported, including those currently in dispute with the DOF. A letter was sent to DOF from Brent Hawkins arguing that the City loan to the former Redevelopment Agency is an enforceable obligation. The DOF has thirty days to respond. Per Counsel, the DOF is presently in disarray.

City Attorney Jim Heisinger added and clarified that on page 119 the debt to the former Redevelopment Agency shows the interest rate reduced from 7% to the LAIF rate as directed by the Oversight Board. The total amount owed to the City was split into two parts as shown on line item 2 (monetary loans that the City made to the RDA). The second part is a loan for staff and services. By breaking this down into two parts, specifically with loans for staff and services, the City may have more success in obtaining approval. There is a meet and confer mechanism spelled out in the statute with this new legislation. This would allow the City to meet with the Department of Finance regarding this issue.

City Administrator Steve Matarazzo added that AB 1484 also calls for the audit of funds the former Redevelopment Agency still holds; and believes that the City's auditors may be able to accomplish this audit with relative ease. If the administrative allowance should change, a revised ROPS 3 may be on the next agenda for Board approval.

Motion to approve the City/Successor Agency **Resolution** approving the Recognized Obligation Payment Schedule (ROPS) for the period of January 2013 through June 2013 was made by Council Member Kruper, seconded by Council Member Hubler. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT; None. ABSTAIN: None. Motion Carried.

- C. City Administrator Steve Matarazzo reported that AB 1484 was to provide "clean-up" legislation for AB 26 that dissolved redevelopment agencies. AB 1484 called for a "true up" payment that allows the auditor to notify agencies in early July or be subject to fines. The City had no payment due. The legislation also allows a long range property management plan to be developed by the Successor Agency for properties owned by the former Redevelopment Agency. The plan cannot be completed until the DOF issues a finding of completion by April 2013. The finding of completion would require the City to have the low to moderate incoming housing funds audited, which would then be sent to the County Auditor, then distributed to the affected taxing entities thereafter. The City is one of these entities, and should receive approximately \$400,000. The finding of completion would allow the City to make further argument to the Oversight Board regarding the City loan to the former Redevelopment Agency.

City Attorney Jim Heisinger added that this new legislation allows the City to recover some of the money owed to the City per the "Safe Harbor" provision. When debts shown on the Recognized Obligation Payment Schedules are paid down over time, payments to the normal taxing agencies increase. As part of the formula, the payment to the City cannot exceed one half of the amount of the increase from year to year, which the City may not see for a long time. The funds the City may be able to recover is difficult to calculate because it is too far into the future and will not be received until after the bonds are paid off. A comprehensive audit will be conducted on the Low to Moderate Income Housing Funds to determine which funds are encumbered and which ones unencumbered.

By next spring all these issue should be settled, and City Staff should have more accurate figures.

Mr. Matarazzo further commented that the key day changed in AB 1484 involving the 'claw back' may not apply prior to transfers made to January 2012. There was Council discussion on how this new legislation was worded and how it applied to auditing of those funds.

- F. The Mayor reminded the Council of the Community Human Services Luncheon. Vice mayor Carbone announced that she has been elected as the new Board President of Community Human Services.

AGENDA ITEM 11, CLOSED SESSION

The City attorney deemed that Closed Session was not necessary.

AGENDA ITEM 12, ADJOURNMENT

Motion to adjourn the City Council/Successor Agency meeting. was made by Council Member Blackwelder, seconded by Council Member Kruper to the next scheduled Council meeting on August 7, 2012 at 7:00 P.M. There was Consensus of the Council to adjourn the meeting at 8:10 P.M.



Connie Horca, Deputy City Clerk