

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

Regular Meeting – September 18, 2012
7:00 P.M.
CITY COUNCIL CHAMBERS

Mayor Pendergrass opened the meeting at 7:01 P.M.

The invocation was led by Reverend 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
Mayor Pendergrass

Staff: Steve Matarazzo, City Administrator/Community Development Director
Jim Heisinger, City Attorney
Richard Simonitch, City Engineer {**absent**}
Linda K. Scholink, Administrative Services Director/City Clerk
Charles Pooler, Associate Planner

AGENDA ITEM 4, COMMUNICATIONS

A. Written communications distributed to the Council were a resolution in regard to Agenda item 7A, and a “conflict of interest” list for agenda item 8A.

B. Oral

The Mayor communicated that Item 5A-3 was to be pulled from the Consent Calendar for further staff review due to a complaint received. The Art Committee meeting scheduled for Wednesday, September 19 has been cancelled. He also announced that the Water Reuse Association awarded its top honor, the National Water Reuse Award, to the City for the desalination plant.

7:05 P.M. Floor opened for Public Comment.

There were no comments from the public.

7:05 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 use permits 1, 2, 4-10.
- (1) CUP #371, McDonald Refrigeration (contractor), 605 California Avenue
 - (2) CUP #385, Sally Beauty Supply (retail), 828 Playa Avenue
 - (3) CUP #397, Salvation Army (service), 801 Scott Street *{this item was pulled from the consent calendar}*
 - (4) CUP #466, Ferguson (wholesale), 666 Redwood Avenue
 - (5) CUP #498, Monterey Peninsula Gymnastics (recreation), 1663 Catalina
 - (6) CUP #499, Green Gopher Garden Supply (retail), 679-C Redwood Avenue
 - (7) CUP #501, Sylvan Design (art studio), 613-A Ortiz
 - (8) CDP #95-07, Giustiniani (manufacturing), 698 Ortiz Avenue
 - (9) CUP #530, Veggie Produce (distribution), 571 Redwood Avenue
 - (10) CDP 11-11/CUP #528, Visions Design (distribution), 1729 Holy Street
- B. There was no discussion of the Sand City Council Meeting Minutes, August 21, 2012.
- C. There was no discussion of the Public Works Monthly Report, August, 2012.
- D. There was no discussion of the Police Department Monthly Report, August, 2012.
- E. There was no discussion of the Sand City Sales Tax Update (Quarter 1, January-March 2012).
- F. There was no discussion of the City **Resolution** providing for the Appointment of Nominated City Officials as if Elected at the November 6,

2012 Municipal Election and Cancelling the November 6, 2012 City of Sand City Municipal Election.

- G. There was no discussion of the Status Report on California Pension Reform (Information only).
- H. There was no discussion of the City Donations/Contributions to the Juvenile Diabetes Research Foundation, Gabriella Graziano for \$500 and Community Human Services Tea Fundraiser for \$160.
- I. There was no discussion of the City/Successor Agency Monthly Financial Report, June 2012.

Motion to approve the Consent Calendar items 5A(1,2, 4-10), and 5B-5I 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.

AGENDA ITEM 6, CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR

Item 5A(3) was pulled from the Consent Calendar to be considered at a future Council meeting.

AGENDA ITEM 7, PRESENTATIONS

- A. Sand City Resident/Artist Susan Collins "Suzka" commented that the Community Garden had celebrated its first year. Many compliments have been received regarding the garden, and a large number of people have made an effort to visit it. Ms. Collins expressed her hopes that the Council would continue their commitment to the use of the location as a community garden and that it would become a permanent part of Sand City.

Mayor Pendergrass read and presented, for Council approval, a resolution recognizing Susan Collins. A motion to approve the City **Resolution** recognizing Susan (Suzka) Collins as a Champion of Various Art forms and a Champion of the City 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.

The Mayor then presented Ms. Collins with a plaque and key to the City. The Council, Staff and members of the public stood for applause. Ms. Collins expressed her heartfelt gratitude, and her love for Sand City.

- B. John Bartel, of Bartel and Associates, presented a valuation summary

regarding the City's future liability pertaining to Other Post-Employment Benefits and GASB 45. He reported that GASB 45 does not require the City to pre-fund anything, but would like the City to consider some prefunding of an obligation for "OPEB" purposes. This is referred to as the "Annual Required Contribution". He explained that the actuarially accrued liability is the value of benefits already rendered for past services. Normal cost is the value of benefits "earned" during the current year. This is associated with current employees, whereas "pay as you go" is what is paid to those who have retired. In the summary of benefits, the City pays 100% of the retiree premium and 50% of the additional 2-party premium, and this benefit continues to a surviving spouse provided an individual has selected a survivor annuity. Sand City has less retirees compared to active employees, and funds should be set aside for those employees who may be retiring within the next several years. Presently the City is not earning a high rate of return due to how funds are invested. According to the annual required contribution (ARC), the City should be contributing approximately \$500,000 annually to pay off the unfunded liability over a long period of time. This amount would include the \$372,000 normal cost plus an amortization of the unfunded liability to include the pay as you go cost. Projections over a ten year period would increase the City's benefit payments (pay as you go) from \$41,000 to \$225,000 by the end of fiscal year 2022. In the long term, if the City were to match the same amount in prefunding, this would result in a 30% funded level. Assembly Bill 340, passed at the end of August, resulted in changes to the pension program mandatory for all agencies around the State. These changes will have no impact in the short term regarding the City's unfunded liability. However, it will significantly change the benefits earned by a category of employees referred to as 'new members'. Mr. Bartel explained the benefits of the California Public Employees' Pension Reform Act.

Mayor Pendergrass commented that the City should consider setting aside funds (doing some prefunding of OPEB obligations) beginning in 2013.

AGENDA ITEM 8, PUBLIC HEARING

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

- A. Associate Planner Charles Pooler presented an application submitted by Masterwerx Studios LLC to establish an artist workshop/studio at 1729 Holly Street. The building is located on two parcels, bounded by Holly Street to the east, Redwood Avenue to the north, and abutting property to the west. Intended use for the site is for an artist workshop, creating various materials using typical arts and craft items. Items to be stored include acrylic paints, hot glue, costume jewelry, fabrics and other similar art/craft items. There will be no employees or company vehicles. Hours of operation will be from 9:00 a.m. to 5:00 p.m., Monday through Friday. The

proposed use requires two (2) on-site parking spaces. The property's Ortiz Avenue frontage can provided up to ten parking spaces. A total of sixteen parking spaces are needed for full building occupancy. Considering that the use will have no employees, and that Holly Street provides six curbside parking spaces and a loading zone, the on-site parking spaces should be sufficient for the operational needs of all tenants. Deliveries will be through UPS or Fed-Ex, with no large truck deliveries expected. Staff recommends loading/unloading be allowed to use the yellow curb loading zone on Holly Street, and that the permit requires all storage be maintained within the building. Staff recommends approval of the coastal development and conditional use permit.

7:45 P.M. Floor opened for Public Comment.

The permit applicant commented that he was in agreement with the conditions of the use of permit. In response to Vice Mayor Carbone's question whether Mr. Masterwerx offered classes, he said that he does not but may consider it in the future.

7:46 P.M. Floor closed to Public Comment.

Motion to approve the City **Resolution** by title, approving Coastal Development Permit 12-06 and Conditional Use Permit 554 for Masterwerx Studios allowing a limited scale artist studio/workshop at 1729 Holly Street was made by Council Member Blackwelder, seconded by Council Member Carbone. 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 9, OLD BUSINESS

- A. Mayor Pendergrass reported that construction of the new bus stops along Fremont Avenue in Monterey is being funded by grants awarded to Monterey-Salinas Transit.

City Administrator Steve Matarazzo reported that two meetings will occur in October of a group called the Southern Monterey Bay Erosion Control Group. This organization researches sea level rise, climate change, and the affects it would have on coastal erosion setbacks for projects along Monterey Bay. Sand City's coastal resort proposals are up to date on the current standards.

AGENDA ITEM 10, NEW BUSINESS

- A. The Mayor reported that the City of Monterey has their own disposal service (Monterey Disposal). Monterey Regional Waste Management District (MRWMD) is proposing to coordinate a contract with all the member agencies to bid for waste services. City Administrator Steve Matarazzo added that since most of the franchise agreements within the District will be up for renewal sometime in 2015, MRWMD is coordinating a competitive bidding process. The Peninsula would have six to seven cities involved. This proposal would provide a model franchise agreement to all member agencies, and coordinate a bidding process to get the best service possible for the lowest cost. Staff recommends continuing the process of competitive bidding for the future waste hauling franchise agreement.

7:55 P.M. Floor opened for Public Comment.

Charlie Cordova of Green Waste Recovery commented that his company is a waste management firm located in San Jose that does most of their business in Santa Clara and Santa Cruz counties. Two week ago, they were awarded a bid by Costco to pick up recyclables on a daily basis. He has been attending meetings in various Peninsula Cities, listening to Council reports regarding the bidding process for waste services. They will be conducting a pilot program with Monterey Regional Waste Management District to reduce waste, and bidding for waste services throughout the Peninsula.

7:59 P.M. Floor closed to Public Comment.

Motion to approve the City **Resolution** by title, agreeing to a process that could lead toward a competitive bidding process for most Cities within the Monterey Regional Waste Management District was made by Council Member Kruper, seconded by Council Member Blackwelder. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN; None. Motion Carried.

- B. City Administrator Steve Matarazzo reported that the Commission on Disabilities is soliciting for more public agency involvement. Sand City is one of the few cities on the Board. Since the American with Disabilities Act (ADA) passed in 1990, the City has made improvements to streets, provided handicap parking and employment to the mentally and physically challenged.

The Council acknowledged the presentation in their packets and noted the City's current contract with Hope Rehabilitation Services.

- C. City Administrator Steve Matarazzo summarized the last meeting of the Oversight Board. The City fulfilled a September 1, 2012 deadline to submit the Recognized Obligation Payment Schedule (ROPS) for the period of January through June 2013. In July, Attorney Brent Hawkins sent a letter to the DOF explaining that the loan agreements between the former Sand City Redevelopment Agency and the City of Sand City were valid and legitimate. The Oversight Board had questions whether these were indeed legitimate payments. The Successor Agency was able to propose a compromise that allow these payments to be reflected on the attached ROPS. Assembly Bill 1484 allows a 'meet and confer' with the Department of Finance (DOF) process. The Successor Agency (SA) has been aggressive regarding this issue; however, the SA does not have a majority vote on the Board.

City Attorney Jim Heisinger referred to page 115 line items 12 and 13, reporting that the amounts shown on these lines are the payment amounts Mr. Matarazzo was referring too. Item 12 is for payment of staff and facilities, and item 13 is for repayment of loans owed to the City by the former Redevelopment Agency. To date, there has not been a "meet and confer" meeting between the Department of Finance with any other City.

- D. The Mayor welcomed public attendees and City residents, Max and Melanie to Sand City. Max served on the Canadian Armed Forces, and is presently attending the Naval Post Graduate School. There were no RSVP's for upcoming events. The Mayor dismissed the Public for closed session.

AGENDA ITEM 11, CLOSED SESSION

8:15 P.M.

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

1) To confer with Legal Counsel regarding pending litigation in accordance with Section 54956.9(c) of the Ralph M. Brown Act,

a) *Monterey Peninsula Water Management v. State Water Resources Control Board (No. M102101), and related cases*

b) *Security National Guaranty, Inc. v. California Coastal Commission*

c) *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) To confer with Legal Counsel regarding the initiation of litigation pursuant to Section 54956.9(c) of the Ralph M. Brown Act; 1 case.

3) To confer with Legal Counsel regarding potential litigation pursuant to Section 54956.9 (c) of the Ralph M. Brown Act; 1 case

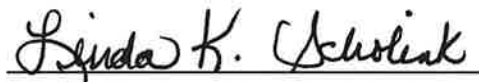
8:21 P.M.

- A. 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 Attorney reported that no action was taken.

AGENDA ITEM 12, ADJOURNMENT

Motion to adjourn the City Council meeting was made by Council Member Kruper, seconded by Council Member Blackwelder to the next regularly scheduled Council meeting on October 2, 2012 at 7:00 P.M. There was unanimous consensus of the Council to adjourn the meeting at 8:22 P.M.



Linda K. Scholink, City Clerk