

MINUTES
JOINT SAND CITY COUNCIL AND REDEVELOPMENT AGENCY

Regular Meeting – December 6, 2011

7:00 P.M.

CITY COUNCIL CHAMBERS

Mayor Pendergrass opened the meeting at 7:00 p.m. and wished everyone happy holidays and Merry Christmas.

The invocation was led by Reverend Carl Kelleher.

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

Present: Council Member Blackwelder
Vice Mayor 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
Michael Klein, Police Chief
Linda Scholink, Director of Administrative Services/City Clerk
Charles Pooler, Associate Planner

AGENDA ITEM 4, COMMUNICATIONS

The City Administrator asked that closed session item 11A (1g) be added to the agenda regarding the Sand City rate case and the Public Utilities Commission.

A. Written communications distributed tonight included closed session item 11A (1g), mentioned above.

B. Oral

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

Don Defetti, 742 Dias Avenue (Resident): He thanked the City and brought two letters from his granddaughters regarding the new street lights. He read both letters out loud, thanking the City for the street lights in their neighborhood. They said they appreciated being able to play in the yard, barbeque and liked to walk up to the new garden in the City.

7:06 P.M. Floor Closed to Public Comment.

The Mayor asked the Chief to come up and accept the Resolutions from the Monterey County Board of Supervisors and the California Legislature Assembly Monning, honoring him as Law Enforcement Head of the Year for the 2011 Crisis Intervention Team International Conference that was held in Virginia Beach, Virginia this past September. The Mayor congratulated the Chief and told the audience that there was more detailed information on the City's website.

- (1) The Mayor asked for a motion to add agenda item 11A (1g); a motion was made by Council Member Blackwelder, seconded by Council Member Kruper, and there was Council consensus to add the closed session item.

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.
 - (1) CUP #186,236,286, Gene's Auto Body (automotive shop), 1531-A Shasta/ 524-A Elder Avenue
 - (2) CUP # 394, Frank D'Aquanno (automotive), 477 Redwood Avenue
 - (3) CUP #425, Glastonbury, Inc. (equipment store & rent), 495-B Elder Avenue
 - (4) CUP #480, Video Ranch (office, video production), 1793 Catalina Avenue
 - (5) CDP #0707, Ga-Ga (hair salon), 490 Orange Avenue
- B. There was no discussion of the Sand City Council Meeting Minutes, November 15, 2011.
- C. There was no discussion of City **RESOLUTION** honouring Chief Michael Klein upon his upcoming retirement from the City of Sand City Police Department.
- D. There was no discussion of City **RESOLUTION** authorizing health benefit changes for the 2012 contract year.
- E. There was no discussion of City **RESOLUTION** continuing the appointments to various local and regional agencies and boards effective January 1, 2012.
- F. There was no discussion of City/Redevelopment Agency Financial Report, October 2011.
- G. There was no discussion of City **RESOLUTION** Authorizing a rate increase of 2.92% consistent with the Franchise Agreement with Waste Management, effective January 1, 2012.
- H. There was no discussion of City **RESOLUTION** in honour of Heinz Hubler, World Traveler and First Chairperson of the Sand City Arts Committee.

- I. There was no discussion of Sand City Redevelopment Agency **RESOLUTION** authorizing the Executive Director to sign an engagement letter with HdL Coren and Cone to produce and maintain spreadsheets for the Agency that accurately reflects its financial obligations to Taxing Authorities at a first year cost not to exceed \$5,250.
- J. There was no discussion of the City Donation to Hartnell College Baseball for \$250.
- K. Acceptance of Status Report on the former Border's Book building.

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

6. CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR

There were no items pulled from the consent calendar.

AGENDA ITEM 7, PRESENTATION

- A. The presentation by Mike Nolan, Hayashi & Wayland began by covering highlights of the year end audit for fiscal year 2010-2011. The auditors met previously with the Budget Committee, and we went through the financial statements page by page in depth. There is a letter in your packet, which contains some required communications that is a part of every audit, and a summary of what our profession deems relevant to communicate to those in charge of the governance, in this case the organization of the City and the Redevelopment Agency.

He continued to report the audit of the City and the Redevelopment Agency; both received an unqualified opinion, which are clean opinions and the highest level of assurance that can be provided about the accuracy of the financial statements. There was one new standard this year, which had to do with the presentation of net assets and with the varying levels of restrictions on the assets (GASB 54). It did not have a huge impact; but it did change the presentation of what you might see in last year's statements compared to this year. It didn't change the bottom line of the net assets. There were no significant or unusual transactions that were part of the financial statements. There were no uncorrected auditing adjustments, no disagreements, nor was there any difficulty with management encountered while performing the audit. The staff was very supportive and a pleasure to work with as always.

The Mayor stated that this verifies that we have a very reliable staff; and he thanked staff.

Therese Courtney, from Hayashi & Wayland, explained that there are two statements presented; they are the government wide, which gives the whole picture of the City and the Agency combined, and the fund balance statements that are what you are used to seeing on a monthly basis. The first one is your statement of net assets, which is showing your total assets about \$25 million, and liabilities are about \$12 million, leaving your net assets at 13 million. However, \$16 million is invested in capital assets, and not available for use. Another \$3 million is restricted for the housing set aside.

On your Statement of Activities, which is the full picture, you had a change of net assets of negative \$30,000 for the year; which means you almost broke even. On the fund basis you had total assets of almost \$26 million, and liabilities of about \$25.5 million for a fund balance of \$.5 million. These fund balances are now shown in a different set of categories, in an attempt to make it clearer what the fund balances can be used for. You have "non-spendable assets" which means not available to spend of about \$15 million, you have restricted of about \$2.5 for housing, about \$800,000 for debt service, and you have committed \$96,000 to the Tioga beach cleanup, and you have about \$600,000 committed to contracts. You do have about \$600,000 in your general fund available to use for the operations of the organization.

A lot of the organization's equity is tied up in infrastructure, assets and buildings; but you do have enough cash available to meet your current obligations.

The Mayor asked if there were any public comments. No one responded.

Motion to approve City **RESOLUTION** by Title Only, Accepting the Audited Financial Statements for the Year Ended June 30, 2011 and Independent Auditors' Report was made by Council Member Blackwelder, seconded by Council Member Kruper. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, and Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

Motion to approve Redevelopment Agency **RESOLUTION** by Title Only, Accepting the Audited Financial Statements for the Year Ended June 30, 2011 and Independent Auditors' Report was made by Agency Member Kruper, seconded by Agency Member Hubler. AYES: Agency Members Blackwelder, Carbone, Hubler, Kruper, and Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

AGENDA ITEM 8 PUBLIC HEARINGS

- A. Associate Planner Charles Pooler presented an application submitted by Eric Sonne, representing Freedom Medical Transportation, for authorization to use an existing commercial unit at 351-A Orange Avenue for the storage of two company vehicles and supplies. Freedom Medical Transportation provides non-emergency medical transportation from the home or nursing facilities to doctor's offices, treatment locations, community centers, and the like for individuals with special medical needs who are unable to transport themselves.

The property will be used for storing supplies, such as blankets, gloves, hand sanitizer, and the like. There are four employees on a rotating schedule. Hours are to be from 8:00 a.m. to 5:00 p.m. daily. On-site parking along the frontage is adequate to satisfy Code requirements for this use. The two (2) company vehicles are transit/shuttle buses, and there are no sirens. The permit should prohibit company vehicles from using the driveway or off-site curbside parking during non-business hours. There will be no routine deliveries to or from this location. Loading/unloading activities on-site would pertain to stocking supplies onto the applicant's transport vehicles.

The proposed use is not anticipated to pose a nuisance; provided that the applicant adheres to permit established daytime operational hours, and that all storage is maintained within the building. Staff recommends approval of this conditional use permit.

7:25 PM Floor Opened for Public Comment.

Eric Sonne, (Applicant): We provide non emergency transportation mostly for the elderly, and we have no loud sirens. The Mayor asked Mr. Sonne if he was in agreement with the conditions of the permit. Mr. Sonne stated that he was in agreement with the conditions.

7:27 PM Floor Closed to Public Comment.

Motion to approve City **RESOLUTION** approving Conditional Use Permit 536 for Freedom Medical Transport to use a commercial space at 351 Orange Avenue for the Storage of Company Vehicles and Equipment was made by Council Member Blackwelder, seconded by Council Member Kruper. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, and Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

AGENDA ITEM 10, NEW BUSINESS

(This item was taken out of order)

- A. Steve Matarazzo, City Administrator, reported to the Council that staff is requesting a contract amendment to the original environmental impact report for the 340 unit Coastal resort (known as "The Collection at Monterey Bay") that covers the Sterling site and the McDonald site. The \$54,000 would cover additional coastal set-back analysis, traffic, noise, and air quality analysis of the project. Earlier completion of the EIR was delayed due to the adverse ruling by the California Coastal Commission regarding that project proposed by SNG (Ed Ghandour) in December 2009. The developer of the Collection, John King, and the City agreed to delay completion and release of the EIR until legal matters with SNG project (Monterey Bay Shores Ecoresort) were resolved.

As of now, Ed Ghandour is still in settlement discussions with the Coastal

Commission. At this time, John King no longer wants to wait for a final outcome on the MBS project due to Investor pressure to complete the processing of his project. Redevelopment Agency staff is recommending approval of the attached resolution for an EIR contract amendment. The contract amendment would be at an additional cost of \$43,935. There is also a previously approved contract amendment for additional analysis of the coastal erosion setback line, if necessary, for \$10,102.75; which results in a total contract amendment of \$54,038.

City Administrator Steve Matarazzo requested additional language be added to the first therefore.

7:33 PM Floor Opened to Public Comment

No comments.

7:33 PM Floor Closed to Public Comment.

Motion to approve City **RESOLUTION as amended** approving an Amendment to the Agreement for Preparation of Environmental Impact Report (EIR) for the Collection at Monterey Bay was made by Council Member Carbone, seconded by Council Member Kruper. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, and Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried

AGENDA ITEM 9, OLD BUSINESS

(This item was taken out of order)

City Engineer Richard Simonitch reported that the desalination production for November was above 25 acre feet. He has a couple people from Central Coast towns of Nipomo and Arroyo Grande who are interested in our desalination plant, and they are interested in developing similar plants. We have tentative approval to install the meter at the Community Garden site. We need to hire a contractor to install the service and then Cal-Am will waive their connection fees. We are a couple of weeks away from that being completed. The holding tank at the Community Garden belongs to the City and will be available as a back up water resource for the garden for the time being. The water connection should cost less than \$5,000. Paving on California is scheduled to begin on Thursday. This project is being managed by the Public Works staff. Notifications on the street work were hand delivered to the residents and businesses.

City Administrator Steve Matarazzo reported that he attended a one day seminar at the Monterey Conference Center regarding, Adaptation to Climate Change sponsored by the Coastal Commission and the National Oceanic and Atmospheric Administration (NOAA) and the Marine Sanctuary. They went over a number of things, but the majority of scientists now believe that the climate is changing, has always changed, but it is changing more now because of greenhouse gas emissions. Sand City addresses this in the Local Coastal Plan, making sure there is adequate setback from the ocean to allow for at least a 50 year erosion setback for new buildings along the coast.

The Council meeting on January 17th will be very interesting because by January 15th, the State of California Supreme Court will likely have ruled on whether there can be Redevelopment Agencies and what form they will take. This will be very significant for the City. If Redevelopment changes to some other form, he feels the City has taken all the appropriate steps it could take. We did opt in if we have to; and will pay the State \$284,219, if necessary. The Council also passed a resolution saying that if there is a successor agency established from the Redevelopment Agency, it will be the City of Sand City.

- B. Consideration of City Council Meeting Schedule for Holiday Observances was discussed by the City Council and consensus was reached to cancel the December 20th Council meeting, and previously Council agreed to cancel the Jan. 3rd meeting, making the next City Council meeting to be held on January 17, 2012.
- C. There were no current RSVP's to upcoming events or meetings.

AGENDA ITEM 11, CLOSED SESSION

7:45 PM

A. City Council /Agency Board adjourned 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) *CalAm v. Seaside*
 - b) *Monterey Peninsula Water Management v. State Water Resources Control Board (No. M102101), and related cases*
 - c) *Security National Guaranty, Inc. v. California Coastal Commission*
 - d) *Sierra Club v. MPWMD*
 - e) *Decker v. Schumer (King), (No. BC 432289)*
 - f) *California Redevelopment Association v. Matsantos (California Supreme Court)*
 - g) *Cal-Am Application No. 10-04-019 Order Authorizing Recovery of Costs for Lease of the Sand City Desalination Plant*

8:08 PM

B. City Council/Agency Board Readjourned 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.

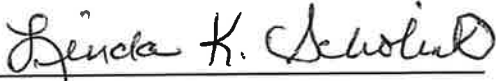
The City Attorney updated the City Council on the following two items.

- b) *Monterey Peninsula Water Management v. State Water Resources Control Board (No. M102101), and related cases*
- g) *Cal-Am Application No. 10-04-019 Order Authorizing Recovery of Costs for*

Lease of the Sand City Desalination Plant

AGENDA ITEM 12, ADJOURNMENT

Motion to adjourn the meeting was made by Council Member Blackwelder, seconded by Council Member Kruper, to the next scheduled Council meeting on January 17th, 2012. There was unanimous consensus of the Council to adjourn the meeting at 8:09 p.m.



Linda K. Scholink, City Clerk