

MINUTES
JOINT SAND CITY COUNCIL AND REDEVELOPMENT AGENCY

Regular Meeting – May 5, 2009
7:00 P.M.
CITY COUNCIL CHAMBERS

Mayor Pendergrass opened the meeting at 7:03 p.m.

Invocation was led by Reverend Carl Kellerher

The Pledge of Allegiance was led by Sergeant Marius Crisan

Present: Council Member Blackwelder
Council Member Carbone
Council Member Hubler (arrived 7:06)
Council Member Kruper
Mayor Pendergrass

Staff: Steve Matarazzo, City Administrator
Jim Heisinger, City Attorney
Richard Simonitch, City Engineer
Marius Crisan, Police Sergeant
Linda Scholink, Director of Administrative Services/City Clerk

AGENDA ITEM 4, COMMUNICATIONS

- A. Written communication: A memo was distributed to the City Council from the Associate Planner regarding the design of the signage in front of the desalination plant.
- B. Oral:
 - 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

- A. There was no discussion of the April 7, 2009 Sand City Council Meeting Minutes.
- B. There was no discussion of the City and Redevelopment Agency Treasury Report for the period ending March 31, 2009.

- C. There was no discussion of the City **RESOLUTION** approving a 90-day time extension of Conditional Use Permit 481 allowing Monterey Bay Plumbing to continue their contractor operation as an interim use within an existing building at 880 Tioga Avenue.
- D. There was no discussion of the City **RESOLUTION** approving a 90-day time extension of Coastal Development Permit 08-03 for Fit Athletics to continue their Fitness Center/gym as an interim use within an existing building at 880 Tioga Avenue.

Motion to approve the Consent Calendar was made by Council Member Blackwelder, seconded by Council Member Carbone. 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.

AGENDA ITEM 7, PRESENTATIONS

- A. The Mayor welcomed Tyler Tolles to the City Council and introduced Tyler's friend Ryan Grek. Ryan played the Double bass and Tyler played the vibraphone. They played two songs. The Council, staff, and audience gave them two rounds of applause. The Mayor then presented Tyler with a check for \$700.00 from the City towards his trip to Japan with the Monterey Jazz festival organization.

AGENDA ITEM 8, PUBLIC HEARINGS

- A. The City Administrator stated that the information and presentation on Sand City's Housing Element Update was previously presented at the April 21st Council meeting by Steve Prestwood from Pacific Municipal Consultants. Sand City, along with all other cities within the Association of Monterey Bay Area Governments (AMBAG) region, is required to have a revised housing element completed by the end of June 2009. The concern that is still being worked on is the new requirement that will allow homeless shelters into the City without a conditional use permit. There is currently a housing shelter in Fort Ord run by the Housing Authority that we may be able to partner with. Based on low homeless shelter need, the City would need to provide two homeless beds.

Mary Ann Carbone stated the City already contributes to Community Human Services; which is an agency that provides shelter to homeless youths in the City of Monterey and a homeless shelter for women in the City of Seaside. Maybe this could be considered as the City's responsibility to provide shelter. The Mayor concluded that the Good Samaritan Center run by the Salvation Army on Scott Street is already located in Sand City, and with a residential population around 325, the City seems to have met their obligation to the community in meeting the new requirement of providing two beds.

7:22 p.m. Floor Opened for Public Comment

There were no public comments
7:22 p.m. Floor Closed to Public Comment

There was Council consensus to continue the Housing Element Update to the May 19th, 2009 Council meeting.

AGENDA ITEM 9, OLD BUSINESS

- A. The City Engineer reported on the progress of the desalination plant. PG&E has installed power at the beach wells. The week of May 11th the wells should be fully tested, up and running. This Friday he has a meeting with Cal-Am, the Department of Health, Camp, Dresser and McKee Constructors, Inc., and Steve Matarazzo, to wrap up the permit process and find out how long the City will be required to test the system before the Department of Health will issue a permit.

There was discussion on the potable water being produced through the testing of the system, and where should that water go. It can be routed through the City streets into the storm drain or the City can install a piping system that runs down to the beach into the storm drain. The Council agreed the best solution would be to absorb the additional expense and pipe it down to beach.

The City Engineer also gave a report on the proposed street work. They have run into engineering problems due to the poorly designed curbs, gutters and sidewalks on Elder between Catalina and Contra Costa. The telephone poles must move to address the handicap access, and creation of parking bays that will be included in the design. Council Member Kruper asked if the property owners were aware of the street improvements and the impact on their property. The City Engineer responded that some of the property owners are aware, but as it gets closer to the bid process, all property owners will receive a letter alerting them to the upcoming street work.

The City Administrator reported to the Council on the monument sign for the Desalination Plant on Shasta Avenue referencing the memo that was distributed to them earlier. It was determined that a larger monument sign was necessary to utilize the pre-made City logo. There are two bids for the monument sign, the bid amounts are \$8,426 for the larger sign and \$ 8194 for the smaller sign. There was Council consensus to go for the larger sign.

AGENDA ITEM 10, NEW BUSINESS

- 1 & 2) The City Administrator presented amendment # 2 to the combined City and RDA budget for fiscal year 2008-2009. The Budget Committee reviewed this amendment on April 29th. The Committee went over the changes in detail. The most significant changes are; A) the State of California suspending approximately 2 million in grant funds for the desalination plant and, B) the Agency housing account loaning that same 2 million to the City to cover the costs of the

desalination plant. These transactions are now captured in the #2 amendment to the budget for fiscal year 2008-2009. The City Administrator is hoping for the release of grant funds in early fall of this year.

The City Administrator reviewed the financial charts within the agenda packet, and explained the chart on page 63 of the agenda packet. The chart contains audited figures from fiscal year 07-08 and budgeted figures from 08-09. The Council was reminded that the audited revenues shown in the 07-08 figures contain the bond refunding, where most of that money was planned for expenditures in 08-09. The chart shows a deficit in financing for the two year period. The City/Agency also purchased the Carroll property for 1.3 million. The capital expenditures of the desalination plant and the purchase of the Carroll property is money well spent, and both assets will increase in value over time. On page 64 the change in the revenues is the Prop 50 funds not being realized and therefore borrowing from the Housing account to make up for those funds not received. The chart on page 65 still shows that we have 4.2 million remaining to cover the City/Agency debt obligations.

7:45 p.m. Floor Opened to the Public
There were no comments from the public
7:45 p.m. Floor Closed to the Public

Motion to approve City **RESOLUTION** Adopting Amendment #2 to the Combined City and Redevelopment Agency Budget for Fiscal Year 2008-2009 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.

Motion to approve Redevelopment Agency **RESOLUTION** Adopting Amendment #2 to the Combined City and Redevelopment Agency Budget for Fiscal year 2008-2009 was made by Agency Board Member Blackwelder, seconded by Agency Board Member Hubler. AYES: Agency Board Members Blackwelder, Carbone, Hubler, Kruper and Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

The Mayor thanked staff, and was very complimentary to all staff that participated in putting the budget packet together.

- 3) The City Administrator discussed with the Council the need to start an early review of the preliminary budget for the Sand City/Redevelopment Agency Combined Budget for FY 2009-10. We will update the preliminary budget according to the Council's direction. The preliminary budget represents a rough draft that staff plans to adjust before the June meeting for official review and approval. The draft budget shows a deficit of \$1.8 million, largely due to the proposed capital improvement funding and previously approved employee wage and benefit costs for the third year of the 3-year MOU. The budget also shows the projected decline in recurring revenues and projected increase in recurring expenditures. The proposed capital improvements are recommended to continue into fiscal year 2010-2011, except for the street improvements covered by the Prop 1B street funds received from the State that would remain in the budget for 2009-

2010. When comparing the recurring revenues to recurring expenses, there is an estimated net balance of \$113,420. Future capital improvement costs related to a remodeled city hall and other capital improvement maintenance costs will require the City to continue to reserve significant funds for those purposes. If this trend continues, with recurring revenues and expenses long term, future net revenues will not meet the City's goals. In addition, the City's administrative budget is currently below standard levels as existing administrative staff is down one employee in the Planning Department and one employee in the Finance/Administrative Department.

Postponement of the third year employee wage and benefit increases will save the City approximately \$240,000 next fiscal year. Deferring the \$1.2 million in capital improvements to the next fiscal year would equal a combined savings of over \$1.4 million next year. The problem of recurring revenues barely surpassing recurring expenditures will not be solved by these adjustments or deferrals. The City will need to look for increased revenues through development of the Monterey Eco-resort, DBO development of South of Tioga, replacement of an appropriate business in the former Circuit City building, the addition of a gas station connected with Costco, and/or an increase of City fees or taxes.

The Budget committee reviewed this preliminary budget and recommended to defer the majority of the capital improvements and to discuss the labor negotiations in closed session. The Council agreed with the Budget Committee on these matters.

- B. The City Administrator updated the Council on the Coastal Commission meeting scheduled for May 7, 2009. Coastal Commission staff is expected to recommend denial of the Monterey Bay Shores Eco-Resort. Ed Ghandour's legal team won on just about every point regarding their water rights against the Water District. The City Attorney has learned that Judge Randall has signed that order, and it should be filed by the end of the week. The Water District could appeal this decision. The Monterey Bay Shores Ecoresort is scheduled on the agenda at the Coastal Commission meeting in San Francisco on Thursday. The Mayor, City Attorney, Council Members Kruper, Carbone and Hubler are scheduled to attend the meeting. The City Administrator stated he had recently spoken with Coastal Commissioner Potter about the continuation of Ed's project to a later Coastal Commission meeting, which Ed is requesting. The Sand City team is scheduled to leave for the meeting late Wednesday afternoon unless they hear an update regarding the continuance.
- C. The City Clerk reviewed arrangements for the Coastal Commission trip this week and the League of California Cities conference in San Jose. Council Member Hubler invited the Council and the audience to the Art reception being held in the Council Chambers this Friday, May 8th from 6-9 p.m.

AGENDA ITEM 11, CLOSED SESSION

8:25 p.m.

- A. The City Council/Agency Board adjourned to Closed Session to confer with Legal Counsel to discuss:

1) Existing litigation in accordance with Section 54956.9 of the Ralph M. Brown Act, The Center for Biological Diversity v. Dirk Kempthorne.et.al

2) Labor Negotiations in accordance with Section 54957.6(a) of the Ralph M. Brown Act, Labor Negotiator: City Administrator

8:46 p.m.

B. 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

1. No Report
2. Direction was given to the Labor Negotiator

AGENDA ITEM 12, ADJOURNMENT

Motion to adjourn the City Council meeting was made by Council Member Blackwelder, seconded by Council Member Hubler to the next regularly scheduled Council meeting on May 19, 2009 at 7:00 p.m. There was unanimous consensus of the Council to adjourn the meeting at 8:47 p.m.



Linda K. Scholink, City Clerk