

MINUTES
JOINT SAND CITY COUNCIL AND REDEVELOPMENT AGENCY

Regular Meeting – September 1, 2009
7:00 P.M. CITY
COUNCIL CHAMBERS

Mayor Pendergrass opened the meeting at 7:00 p.m.

The invocation was led by Reverend Carl Kelleher.

The Pledge of Allegiance was led by Police Chief Klein.

Present: Council Member Blackwelder
Council Member Carbone
Council Member Hubler
Council Member Kruper
Mayor Pendergrass

Staff: Steve Matarazzo, City Administrator
Jim Heisinger, City Attorney
Richard Simonitch, City Engineer
Michael Klein, Police Chief
Connie Horca, Deputy City Clerk

AGENDA ITEM 4, COMMUNICATIONS

- A. Written communications distributed to the City Council were an announcement of the upcoming September 2009 events hosted by the Monterey Peninsula Chamber of Commerce and an invitation to the Ryan Ranch Round Up mixer.
- B. Oral

7:03 p.m. Floor Opened for Public Comment

Deirdre Bascou (West End Event Coordinator), thanked the City Council and the City Staff for their support in making another West End Event a success. The West End Committee, the Orosco Group, and other generous supporters were also valuable in the contribution of their time and efforts. She concluded by reading a brief commentary from Beth Short on the West End Celebration. Deirdre will be back to provide a full report at the September 15, 2009 City Council meeting.

Mayor Pendergrass thanked Deirdre for her efforts and hard work, followed by a standing ovation from the City Council and Staff.

Council member Kruper commented on the 25th Annual Seaside Jazz Art Show which honored Paulette Lynch and Billy DeBerry. Mr. DeBerry thanked Chief Klein, the City Council and Staff for the resolutions. He also expressed that "Everything we have asked Sand City for, they have given us".

7:08 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. There was no discussion of the August 18, 2009 Sand City Council Meeting Minutes.
- B. There was no discussion regarding the acceptance of the Fort Ord Reuse Authority (FORA) Monthly Report, 2009.
- C. There was no discussion regarding the acceptance of the City/Redevelopment Agency Monthly Financial Report, June 2009.
- D. There was no discussion regarding the approval of the City **Resolution** authorizing acceptance of an allocation from the Supplemental Law Enforcement Services Fund (SLESF) and appropriation of those Funds for Fiscal Year 2009-2010.

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.

AGENDA ITEM 7, OLD BUSINESS

- A. City Engineer Richard Simonitch reported on the pre-construction meeting with Monterey Peninsula Engineering (MPE) who was awarded the Prop 1B Street Improvement Project. The meeting discussed the scheduling, traffic plans and logistics of the street improvement project. MPE is scheduled to start on September 23 with a thirty day expected project completion date.

Council Member Kruper asked if any of the construction would affect the surrounding businesses in Sand City.

The City Engineer responded that the contractor understands that he needs to

allow the businesses to operate during normal business hours. The businesses will be given a 48 hour notice of the impending project and the timing of the work. The streets may need to close for at least one day when the paving is ready to be installed and should not cause too much interference with day to day business operations.

Vice Mayor Carbone asked that since the funds received for the street improvement project are a little more than the amount of the street improvement, can the excess funds be utilized to do an additional street?

Mayor Pendergrass commented that Sand Dunes Drive is presently in need of a new overlay.

The City Engineer will ask MPE if a change order may be submitted to include a slurry seal for Sand Dunes Drive.

City Administrator Steve Matarazzo reported that staff has received a letter from the State Housing and Community Development Department (HCD) communicating that Sand City's Housing Element needs additional amendments. The primary concern was that the lots were too small to meet future housing needs. HCD was not aware that the present home lots in Sand City are small, and that the South of Tioga proposed project will accommodate Sand City's housing needs well into the future. Staff is drafting a response to the initial concerns as outlined in the HCD letter. The Housing Element Update should be ready for final Council review in October.

AGENDA ITEM 8, NEW BUSINESS

- A. Mr. Griff Brown was unable to attend due to a family emergency. Council member Blackwelder distributed additional information to the City Council regarding the Virtual Sand City-Phase II website proposal. Council Member Blackwelder communicated that in the event Mr. Brown had to leave the area, architect Mr. Carleton has agreed to be the backstop to ensure that the project would continue to move forward. The current proposal scales down the scope of work to approximately 1/3 of the original budget while modeling in nearly 1/2 of the buildings. The Google site would provide a developer a more realistic view of what he can construct in a real time setting. Utilizing the website to market Sand City would benefit the City's future growth and development.

Council Member Kruper commented that it would be beneficial to have Mr. Brown present the names of the businesses to the Council who would actually be interested in funding the additional costs of the project.

Mayor Pendergrass added that the website is continually changing, and can always be improved upon. It would be wise not to lose control of what Sand City has already established.

There was Council consensus to revisit this proposal at the mid-year review of the budget some time in January 2010.

- B. City Administrator Steve Matarazzo presented the City Resolution amending the Personnel Manual allowing a paid time off Employee Leave Pool. A city employee has experienced a recent incident where a loved one is in need of care. This employee has exhausted all of their available leave accruals. The County of Santa Cruz and many other organizations, have established a donation bank where employees may donate accrued time to another employee in need. This is normally handled through the Personnel Department; and the employees who choose to donate time remain anonymous to the donor. Sand City's Personnel Manual does not include a policy. Staff recommends approval of the attached resolution amending the Personnel Manual to include a paid time off Employee Leave Pool.

Motion to approve the City **Resolution** adding Section 6.03 M to the Personnel Manual pertaining to Paid Time Off (PTO) Transfer Pools for Employees in Need was made by Council Member Carbone, seconded by Council Member Blackwelder. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSTAIN: None. ABSENT: None. Motion Carried.

- C. City Engineer Richard Simonitch presented the City Resolution authorizing additional expenditures related to the Sand City Water Supply Project to insure timely turnover and operation by California-American Water. At the August 18th City Council meeting, the Council and Staff discussed the effort being taken to evaluate the possible causes and methods of controlling the presence of air bubbles. Steve Tanner, a consultant with Pueblo Water, was hired to perform tests at the wells and to prepare a report as to the possible causes of the bubbles in the feed water. Due to the relatively lower cost, a feasible recommendation of the report was to lower the pumps at Bay Avenue where the air bubbles are apparent. If the lowering of the pumps does not prove successful, the alternative recommendation would be to construct a degassing tank facility at the desalination plant to allow the bubbles to settle out before pumping the feed water into the plant. The cost of this facility is approximately \$210,000 dollars. This option is preferred over the option of drilling more wells. Staff recommends the approval of the additional expenditures for construction of the degassing facility and/or lowering of the 2 pumps at Bay Avenue as part of the Sand City Water Supply Project; and to include the budget increase for construction of the facility as part of the mid-year amendment.

The Council discussed the option of a temporary holding tank that would meet Health Standards, and would effectively remove the air bubbles. The construction of the degassing facility would take several months to complete, but time is of the essence with regard to the CalAm lease. The City Engineer commented that lowering the pumps would be the best possible solution in the interim. He will also research the alternative solution of a temporary holding tank, in order to get through the testing period.

Mayor Pendergrass expressed the primary concern of the additional costs to complete the construction, and the possibility of any other unforeseen costs to have the desalination plant operational. The end goal is to have the plant producing water.

The City Administrator commented that the additional cost to complete the plant may be recovered by the lease payments. He recommended the approval of the attached resolution.

City Attorney Jim Heisinger recommended a minor change to the language in the resolution to reflect the dollar amount of \$250,000.

Motion to approve the City **Resolution** authorizing the appropriation of up to \$250,000 as an additional expenditure (as a contingency) to the 2009-2010 Fiscal Year Budget for the Sand City Water Supply Project (SCWSP) was made by Council Member Pendergrass, seconded by Council Member Blackwelder. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

- D. City Administrator Steve Matarazzo distributed Exhibit A, the Amended and Restated Lease Agreement with California American Water, to the City Council. City Attorney Jim Heisinger referred to page 9 of the amended and restated lease agreement that updated the maintenance schedule to the desalination plant during the last fifteen years of the lease. He also pointed out that clause 11(b)(ii) mentions the cost of replacement of all parts of the system, including the wells, be made by the Company, including such work necessary to keep the premises in compliance with Legal Requirements. The cost for replacement shall be prorated, and the Company shall pay for that portion of the work equal to a percentage of the work's useful life that remains under the Basic Term. An example of this calculation is included on page 10. Another provision made to the lease agreement was to cooperate in any future plant expansion.

Mayor Pendergrass commented that should the air bubbles continue to be a problem, Staff should consider meeting with Cal-Am engineers to find a viable solution. The City Administrator added that Mr. Feeney communicated to Staff that air bubbles are fairly common in this type of project.

The City Attorney concluded that CalAm has not objected in any way to making a lease payment for the last fifteen years. The lease payment schedule can not be finalized until the City Engineer can give a hard figure on what it will cost to complete the plant. The rent schedule can be finalized once the actual cost for the completion of the desalination plant has been submitted.

City Administrator Steve Matarazzo added that CalAm President, Rob MacLean conveyed that they are committed to the project, and recommends the continuance of this agenda item to the September 15 Council meeting.

There was Council consensus to continue the Amended and Restated Lease Agreement to the next City Council meeting.

- E. The Deputy City Clerk announced the upcoming League of California Cities Conference, and requested that the Council members attending please contact her for travel arrangements.

AGENDA ITEM 9, CLOSED SESSION

A. The City Council /Agency Board did not adjourn to Closed Session to confer with Legal Counsel:

- 1) Regarding pending litigation in accordance with Section 54956.9(c) of the Ralph M. Brown Act, *CalAm v. Seaside*
- 2) Regarding pending litigation in accordance with Section 54956.9(c) of the Ralph M. Brown Act, *State Water Resources Control Board Order WR 2009-00XX*
- 3) To confer with real property negotiator in accordance with Section §54956.8 of the Ralph M. Brown Act, Agency negotiator Steve Matarazzo, Executive Director regarding:
 - a) Acquisition of property Parcel No. 011-189-009, 011-189-018, 011-189-019, 011-194-018.
 - b) Proposal by Bella Mare Investments, LLC to purchase City owned property, located at the southwest end of John Street (APN 011-177-009)
 - c) Amended and Restated Lease Agreement with California America Water

B. There was no need to readjourn 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.

AGENDA ITEM 10, ADJOURNMENT

Motion to adjourn the City Council meeting was made by Council Member Hubler, seconded by Council Member Kruper, to the next regularly scheduled Council meeting on September 15, 2009 at 7:00 p.m. There was unanimous consensus of the Council to adjourn the meeting at 8:39 p.m.



Connie Horca, Deputy City Clerk