

MINUTES
JOINT SAND CITY COUNCIL AND REDEVELOPMENT AGENCY
City Council Chambers
Regular Meeting-February 15, 2005
7:00 PM

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

Reverend Snyder gave the invocation.

Police Chief Klein led the Pledge of Allegiance

Present: Council Member, Jerry Blackwelder
Vice Mayor, Mary Ann Carbone
Council Member, Craig Hubler
Council Member, Michael Morris
Mayor David Pendergrass

Staff: Kelly Morgan, City Administrator
Michael Klein, Police Chief
Steve Matarazoo, Community Development Director
Jim Heisinger, City Attorney
Stan Kulakow, City Engineer
Charles Pooler, Associate Pooler
Linda Scholink, Interim City Clerk

AGENDA ITEM 4, COMMUNICATIONS:

A. Additional written communications distributed to the Council this evening included a copy of the Monterey Peninsula Chamber of Commerce Newsletter; and a spreadsheet on Proposition 50-Chapter 6(a) Desalination Grants.

B. The floor was opened at 7:03 p.m., but there were no oral communications from the public. Mayor Pendergrass reported that there was a new art display in the Council Chambers provided by Heinz Hubler. The floor was closed at 7:04 p.m.

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 January 4, 2005 Minutes.
- B. There was no discussion of the January 18, 2005 Minutes

- C. There was no discussion of the February 1, 2005 Minutes
- D. There was no discussion of the Financial Report for December 2004
- E. There was no discussion of the Monthly Police Department Activity Report for January 2005
- F. There was no discussion of City **RESOLUTION Authorizing Rate Increases for Waste Management Effective March 1, 2005**

Motion to approve Consent Calendar was made by Council Member Morris, seconded by Council Member Hubler. AYES: All Members. NOES: None. ABSENT: None. ABSTAINED: None. Motion carried.

AGENDA ITEM 6, CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR

There were no items pulled from the consent calendar.

AGENDA ITEM 7, PRESENTATION(S):

- A. Therese Courtney from Hayashi and Wayland spoke to the Council regarding the audit for fiscal year 2003-2004. She stated the City Administrator had done a good job on the memo summarizing the Budget Committee meeting and what they reviewed from the audited financial statements. The Financial statements have a different look this year. The City had to implement several new requirements of the Governmental Accounting Standards Board (GASB). The City is now required to report two different financial statements. The Governmental- wide set of reports are based on the full accrual system, where revenue and expenditures are recognized when they take place, no matter when the revenues are received and the expenditures are paid. One of the primary purposes of the GASB requirements is to show or account for the value of public infrastructure within the City and to indicate how well the public facilities are being maintained. In addition, the GASB standards are intended to make the financial reports easier for the general public (and public officials) to comprehend and to present a more complete picture of the City's financial status.

Cecil Robbins of Hayashi & Wayland, spoke to the Council about the Budget Committee meeting where he felt the Committee reviewed the financial statements in depth. The Committee Members asked a lot of questions, and the Committee did a good job on due diligence. He added that the presentation is a little different now, both models are in the audit, the fund statement and the governmental statement. Next year it

will be easier to understand the governmental-wide statement because you will have two years to compare. He felt that the City Council was well served by following the recommendation of the Budget Committee and the memo that the City Administrator put in the agenda packet. The City is in good financial condition, the financial highlights and the economic highlights that the City Administrator covered in his memo, cover the challenges that the Council and the City have ahead.

The City Administrator then called the Council's attention to the summary on page 10. The City was facing a financial situation in the FY 03-04 Budget where the City had to continue to use reserve funds for additional financing or determine to make some drastic expenditure reductions and adjustments to reduce staff and/or regular operations, or organize an approach to raise revenues such as a half-cent sales tax or utility tax increase, or to investigate the most feasible way to borrow funding. The main point is the City Council did step up to the plate and decided to increase revenues and propose a 1/2 cent transaction tax for the November election, and that has passed. That will provide additional revenue to continue operations at an acceptable level and the City will not have to cut back on City programs in the near future.

In response to a question from Council Member Morris, Mr. Robbins responded that the Council's participation in the City's finances is already being done by participation in the Budget Committee and asking questions at the Council meetings. This City does a lot with very little resources. The small staff works hard to accomplish a lot.

- B. Michelle House from Monterey County Health Tobacco Control Program made a PowerPoint presentation. Back in September during the Coastal Clean-up day, her organization picked up 1,688 cigarette butts in 3 hours. Cigarette butts are the number one item picked up on the beaches. The environmental effects of that, are the filters from the butts take up to 15 years to biodegrade. The birds and fish will try and eat the filters, which can cause death or illness. Out of her budget she would provide receptacles and signage for the City's beaches. There are four entrances into the City where she would suggest the receptacles be placed. Ms. House said that she would provide additional information to the Council on the number of animals that are injured by cigarette butts. Upon direction from the Council, Michelle stated she would see if a "Voluntary" program met the State Requirements for signage and receptacle funding and report back to Chief Klein.

AGENDA ITEM 8, OLD BUSINESS

- A. 1. Motion to Approve City **RESOLUTION Accepting the Audited Financial Statements for the Year Ended June 30, 2004 and Independent Auditor's Report**, by title only was made by Council Member Carbone, seconded by Council Member Hubler. AYES: All Members NOES: None ABSENT: None ABSTAIN: None. Motion Carried.
2. Motion to Approve Redevelopment Agency **RESOLUTION Accepting the Audited Financial Statements for the Year Ended June 30, 2004 and Independent Auditor's Report** by title only was made by Agency Member Hubler, seconded by Agency Member Blackwelder. AYES: All Members. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.
- B. The City Engineer updated the Council on the bike trail lighting project. He has received the contract back from Giacalone Electrical Services, Inc. for the lighting. He met with them last Thursday and has another meeting scheduled for next Friday. The light poles are on order, and the project should move rapidly once they get started.

The Chief of Police reported on the progress of the Civic Center project and that he had met with several people and came to the conclusion that the sculpture space that had been planned to be part of the inside patio area would be too small, should now be considered as part of the entry into City Hall. The cement work is soon to be completed; however that will still leave the electrical and the City logo to work on.

The Community Development Director reported that the Proposition 50 grant proposal was submitted on time. The City is applying for a \$5 million grant and the work was done by City staff, Creegan & D'Angelo and Pacific Municipal Consultants. The request of \$5 million is to fund approximately half of the desalination plant. He also mentioned that on the last day of the potential appeal to the Coastal Commission it was appealed on February 7th. City staff has been in contact with the Coastal Commission staff and he believes the Coastal Commission wants to fine tune some loose ends only. He feels the City should get the appeal handled as quickly as possible, so it will not jeopardize the grant possibility.

The City Administrator reported on his February 7, 2005 letter response to the latest offer received from MST. Sand City has contributed more than it's fair share to the MST program. Sand City has contributed more than \$680,00 in a seven year period. Those contributions came out of Sand City's general fund; the City gets very little LTF funds. Through some extensive research the City Administrator found out that Sand City was paying more than all 4 South County cities and the County combined to

MST for the bus service all the way to King City. The City Administrator explained that he didn't feel the City should pay MST any more than the LTF funds the City receives which is between \$3,000-\$4,000 a year. At this time there is nothing to do until MST responds.

The City Administrator reported that he has been getting some good progress reports from Tom Roth. Mr. Roth has met with Mr. Manson from the Fish & Wildlife Service of the Department of the Interior and he is supportive of delisting the Snowy Plover.

- C Review of Civic Center-Sign Wall-Plaza Paving Project
This item was discussed above.

AGENDA ITEM 9, NEW BUSINESS:

- A. The Mayor reported on water issues, the potential of the Seaside Main Gate proposed development in Fort Ord and the Marina University Village project. These developments will put a lot of pressure and competition with our developments. The City needs to be proactive and Costco is interested in adding a service station and expanding the present building. Target has also expressed interest in expanding their store into the existing garden center. The Mayor suggested the City use the remaining water for the existing commercial establishments in the shopping centers. The City currently has 2.516 acre feet of "unencumbered" water reserves. From this reserve, the city has obligated 1.0 acre feet to the Robinette site should a successful DDA result from negotiations with Saroyan. This would leave a reserve of only 1.516 acre feet.
- B. Costco is currently requesting .246 acre feet of water for their expansion. They will probably want more water in the future. Target is considering the elimination of their garden center. Once we get a firm request from Target, the City will either send a letter or talk with Dave Berger of the Water district, as to what we can do with Target. The original permit treated the snack bar in Target as a fast food restaurant, the water usage should be recalculated.

The Mayor expressed a need for a policy to guide staff on how to deal with requests that come to the City for water. Council Member Morris preferred that the Council deal with the requests on a case by case basis. Attorney Heisinger reviewed the numbers for the Council by stating, there is 2.516 acre feet of water left in the municipal allocation, there is 1.00 acre foot which is promised for the Robinette development, which leaves 1.516 acre feet to allocate. Costco is requesting a building expansion of 3,510 square feet, which would require 0.246 acre feet of water. If this

request was approved then the City would have 1.270 acre feet of unreserved water remaining. This would be enough for roughly 5 houses. Staff's request this evening is to allocate out of the reserves 0.246 acre feet of water to Costco.

The Mayor made a motion for staff to come back to the Council with a resolution that reserves the remaining water allocation (1.516) for the needs of the Edgewater and the Sand Dollar shopping centers, and to direct staff to negotiate with the Tringali family regarding their current water credit. Jerry Blackwelder seconded the motion. AYES: Blackwelder, Carbone, Hubler, Pendergrass. NOES: Council Member Morris. ABSENT: None. ABSTAIN: None. Motion Carried.

Michael Morris requested that the two policies be split. One resolution would approve the allocation to Costco, and the other would be setting aside the rest of the water. Two separate resolutions. Motion to recommend the Costco request for the March 1st meeting. Motion made by Council Member Carbone, seconded by Council Member Hubler. AYES: Council Members Blackwelder, Carbone, Hubler, Morris and Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried unanimous.

- C. The Community Development Director reported that the Sand City water project was appealed to the Coastal Commission. The good news is that the appeal doesn't look that bad. Staff is recommending that the City hire Susan McCabe, who is a coastal consultant. There was Council consensus to give direction to staff to negotiate a limited contract with Susan McCabe and bring back a Resolution at the next meeting.
- D. City Administrator reported the on the proposed Sand City Brochure.
- E. Attention was brought to The Monterey Peninsula Chamber Schedule of Events.

AGENDA ITEM 10, CLOSED SESSION:

- A. City Council adjourned to Closed Session to confer with legal counsel regarding existing litigation pursuant to §54956.9(a) of the Ralph M. Brown Act (1 case) - CalAm Water v. Seaside, Sand City et al. Information only.
- B. Readjoined 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 No Action was taken.

AGENDA ITEM 11, ADJOURNMENT:

Motion to adjourn was made by Council Member Blackwelder, seconded by Council Member Hubler, to the next regularly scheduled City Council meeting on March 1, 2005, 7:00 p.m. There was unanimous consensus of the Council to adjourn at 8:56 p.m.



Linda Scholink

Linda Scholink, City Clerk