

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

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Regular Meeting – June 17, 2014  
7:00 P.M.  
CITY COUNCIL CHAMBERS

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Mayor Pendergrass opened the meeting at 7:01 p.m.

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: Kelly Morgan, Interim City Administrator  
David Bigger, Acting City Attorney  
Leon Gomez, City Engineer  
Michael Klein, Police Chief  
Charles Pooler, Associate Planner  
Linda Scholink, City Clerk

**AGENDA ITEM 4, COMMUNICATIONS**

- A. Written communication distributed to the Council was 'no conflict' list.
- B. Oral

7:03 P.M. Floor opened to Public Comment.

There was no comment from the Public.

7:03 P.M. Floor closed to Public Comment.

Council Member Kruper requested that Agenda Item 5A(5) be pulled from the consent calendar.

**AGENDA ITEM 5, CONSENT CALENDAR**

- 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. Item 5A (5) was pulled from the Consent Calendar.

- (1) CUP #377, Hartzel Automotive (auto), 510-A California Avenue
  - (2) CUP #399, Edgewater Center, (retail/multiple sites), 915, 925 Playa & 2030 California
  - (3) CUP #419, Carmel Tile/Doubleday (showroom/storage), 1725 Contra Costa
  - (4) CUP #495, Alternator & Starter Exchange (assembly), 352-B Orange Avenue
  - (5) CDP 97-05, Monterey Bay Restaurant Equipment (retail/wholesale), 325 Elder Avenue
  - (6) CUP 563, Espinoza Graphics (studio) 613-B Ortiz Avenue
- B. There was no discussion of the May 20, 2014 Council Meeting Minutes.
- C. There was no discussion of the Public Works Monthly Report, May 2014.
- D. There was no discussion of the Police Department Monthly Report, May 2014.
- E. There was no discussion of the City **Resolution** Authorizing the Monterey County Health Department to Apply for State Block Grant Funding on behalf of Sand City towards the Countywide Used Oil Recycling Program.
- F. There was no discussion of the City **Resolution** Approving a Budget Allocation of \$500 for the Senior Voucher Program for Taxi Service as offered by Monterey-Salinas Transit (MST).
- G. There was no discussion of the City RESOLUTION Approving an Amendment to a Part-Time Employment Agreement with J. Michael Klein.
- H. There was no discussion of the City RESOLUTION Authorizing an Agreement for Services with BLC Partners, LLC for Human Resources Management Services.
- I. There was no discussion of the City RESOLUTION Authorizing Renewal of Animal Shelter Services Agreement with the County of Monterey Health Department for Fiscal Years 2014 through 2017.

Motion to approved Consent Calendar items 5A(1-4 & 6), and 5B-5I was made by Council member Hubler, 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**

Item 5A(5): Council Member Kruper asked the City Engineer if there was an update regarding code violations from the restaurant supply business. The City Engineer reported that approximately 4-5 weeks ago, a letter was sent to the business regarding an illicit discharge from the site. To date, there has been no response. Staff will follow up with the business to see if they have received the letter and taken actions to address the issues. Mr. Gomez suggested that should another incident of illicit discharge be reported, a letter can be hand delivered to the business. The Council was in consensus to continue this item to the July 1, 2014 Council meeting.

#### **AGENDA ITEM 7, PUBLIC HEARINGS**

*{Council Member Carbone stepped down from the dais due to a possible conflict of interest by residing within 500' of the subject property}*

- A. SECOND READING: Ordinance of the City Council of Sand City Amending Title 18 of the Municipal Code to Reclassify Certain Property Bounded by Park Avenue, Sylvan, Fell Street, and Ocean View Avenue (APN 011-182-001, 004, 005, 006, 007, 008, 009, 010 & 011) from Heavy Commercial (C-2) to Medium Density Residential Planned Unit Development (R2-PUD) for the Bungalows at East Dunes Residential Project**

At the request of the applicant and the property owner, this item will be continued to the July 1, 2014 Council meeting.

Motion to continue the **Second Reading** of the Ordinance of the City Council of Sand City Amending Title 18 of the Municipal Code to Reclassify Certain Property Bounded by Park Avenue, Sylvan, Fell Street, and Ocean View Avenue (APN 011-182-001, 004, 005, 006, 007, 008, 009, 010 & 011) from Heavy Commercial (C-2) to Medium Density Residential Planned Unit Development (R2-PUD) for the Bungalows at East Dunes Residential Project to the July 1, 2014 Council meeting was made by Council Member Kruper, seconded by Council Member Hubler. AYES: Council Members Blackwelder, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: Council Member Carbone. Motion carried.

*{Council Member Carbone returned to the dais}*

- B. SECOND READING: Ordinance of the City Council of Sand City Amending Chapter 2.20 Conflict of Interest Code of the Sand City Municipal Code regarding Identification of Designated Employees and Disclosure Categories by Resolution**

Interim City Administer Kelly Morgan reported that as explained at the last Council meeting, the Ordinance will add a section to the existing Municipal Code to amend the Conflicts of Interest Code by Resolution. This was recommended by both the City Clerk and City Attorney.

7:11 P.M. Floor opened for Public Comment.

There was no comment from the Public.

7:11 P.M. Floor closed to Public Comment.

Motion to approve the **Second Reading** of the Ordinance of the City Council of Sand City Amending Chapter 2.20 Conflict of Interest Code of the Sand City Municipal Code regarding Identification of Designated Employees and Disclosure Categories by Resolution was made by Council Member Hubler, seconded by Council Member Kruper. Roll Call Vote AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

## **AGENDA ITEM 8, OLD BUSINESS**

- A. Progress report on Public Works projects, Successor Agency Oversight**

**Board, South of Tioga project, Coastal projects, and other Sand City community programs by City Engineer/Community Development Director/City Administrator.**

City Engineer Leon Gomez reported that the desalination plant has been inoperable for a few days during the month of June due to high salinity levels at the wells. Cal-Am will attempt a restart of the plant tomorrow, and notify the City Engineer's office if the plant is running. Meanwhile, they have installed a 20' pipe for Bay Avenue well #2 to assist with the blending and connectivity. He further reported on the possibility of installing new wells, and requirements needed for these new wells.

City Administrator Kelly Morgan reported that in a meeting with Cal-Am representatives and the City Engineer, they discussed the detailed letter from the Coastal Commission that asked for additional information. Certain requirements were delegated to Cal-Am who will hire a hydrological firm to conduct a peer review for the new wells. WFC Consultants will conduct overall project management for the coastal development permit, and the City's response. A formal response with requested documents will be provided to the Coastal Commission. He also reported that the annual lease payment for the desalination plant was received from Cal-Am this week.

There was Council discussion regarding the possibility of finding a solution to remove the salinity from the desalination plant, and possible solutions to keep the plant running during drought conditions. The Mayor suggested that Staff meet with the Department of Health to discuss the permitted discharge in order to keep the plant running.

Mr. Gomez added that municipal training for Staff will occur on Wednesday, June 18, 2014 in the Council Chambers at 10:00 a.m. The meeting will cover several topics to include illicit discharge protocol reporting and forms, as well as informational updates on the StormWater program requirements. The Regional StormWater Program has approved a revised budget for fiscal year 2014-15. The City's program cost will increase from approximately \$4,500 to \$11,408 for fiscal year 2014-15 due to the City of Marina's departure and an increase in the cost share. On June 12, Staff met with TAMC to discuss TAMC projects and how they would interrelate with Sand City's possible projects in the railroad-right-of-way.

The City Administrator reported that TAMC is willing to work with the City regarding the railroad-right-of way as long as it coordinates with TAMC's plans for the area. The City has talked with the developers who have not produced any new information. Staff has conducted four meetings with the developer and has not produced any results or definite projects to date.

Council Member Blackwelder reported that a panel interview is scheduled for the top two candidates for City Administrator. Several other applications were received and are still being reviewed by the Personnel Committee.

**AGENDA ITEM 9, NEW BUSINESS**

- A. Review and Consideration of Amendment #1 to Fiscal Year 2013-14 Budgets and Consideration of RESOLUTIONS Adopting Amendment #1 to the Fiscal Year 2013-14 Budgets**

- 1) **City RESOLUTION Adopting Amendment #1 to the Proposed Budget for Fiscal Year 2013-2014**
- 2) **Successor Agency RESOLUTION Adopting Amendment #1 to the Proposed Budget for Fiscal Year 2013-2014**

The Council reviewed the summary of the Budget. Council Member Kruper requested clarification on the big difference between the proposed amendments and the actuals as shown to date. Administrative Services Director Linda Scholink reported that the deficit is due to the fact that most of the expenditures are current and exceed the projected revenues – some of which are received late in the fiscal year (or even after the fiscal year end) such as the Cal-Am payment for the desalination plant lease. The transactions and sales tax will not be received until July and August, 2014, and does not include revenue for the month of June. In regard to the Successor Agency amendment, Ms. Scholink reported that the Successor Agency disbursed \$804,000 to the County, and \$236,000 for the Pass-Through Settlement to the school districts. Ms. Scholink summarized the outstanding and possible liabilities the City still retains such as the OPEB payment due, legal costs, and possible litigation expenses.

Council Member Kruper suggested that the Council and Budget Committee conduct a mid-year workshop to update the Council regarding the City's financial situation. It would also serve to assist in long range planning for the City. Council Member Blackwelder added that a new City Administrator who has a strong financial background may be able to assist in articulating and planning the City's budget. Vice Mayor Carbone commented that the OPEB expenditure is very real and the interest does continue to accrue for that expense.

7:58 P.M. Floor opened for Public Comment.

There were no comments from the Public.

7:58 P.M. Floor closed to Public Comment.

- 1) Motion to approve the City **Resolution** adopting Amendment #1 to the Proposed Budget for Fiscal Year 2013-2014 was made by Council Member Blackwelder, seconded by Council Member Hubler. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.
- 2) Motion to approve the Successor Agency **Resolution** adopting Amendment #1 to the Proposed Budget for Fiscal Year 2013-2014 was made by Agency Member Kruper, seconded by Agency Member Hubler. AYES: Agency Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

**B. Review and Consideration of Proposed City Budget for Fiscal Year 2014-15 and Consideration of RESOLUTIONS Adopting the Proposed Budgets and Appropriations Limit for FY 2014-15**

- 1) **City RESOLUTION Adopting the Proposed City Budget for Fiscal Year 2014-2015**

- 2) **Successor Agency RESOLUTION Adopting the Proposed Successor Agency Budget for Fiscal Year 2014-2015**
- 3) **City RESOLUTION Establishing an Appropriations Limit for Fiscal Year 2014-2015 Pursuant to Article XIIIB of the California Constitution**

There was discussion on the tabulation of the City's revenues compared to the various liabilities that exist now or are pending in the future which is the pressing reason that Sand City needs to retain some reserve for those contingencies.

- 1) Motion to approve the City **Resolution** adopting the Proposed City Budget for Fiscal Year 2014-2015 was made by Council Member Kruper, seconded by Council Member Hubler. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.
- 2) Motion to approve the Successor Agency **Resolution** adopting the Proposed Successor Agency Budget for Fiscal Year 2014-2015 was made by Agency Member Blackwelder, seconded by Agency Member Hubler. AYES: Agency Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.
- 3) Motion to approve the City **Resolution** establishing an Appropriations Limit for Fiscal Year 2014-2015 Pursuant to Article XIIIB of the California Constitution was made by Council Member Kruper, seconded by Council Member Hubler. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

**C. Discussion on ½ cent Transaction Tax Ballot Measure for November 2014 Election**

The Council discussed the possibility of placing a ½ cent transactions tax ballot measure for the upcoming November elections. Council Members Kruper and Hubler were in agreement. Other cities have increased their transactions tax, and the City needs to look at bringing in more revenue. The Mayor mentioned that five other Peninsula cities are at a 9% transactions tax rate, with the exception of the City of Monterey who has other forms of revenue. The Budget Committee, and other City committees were in favor of placing a transactions tax measure on the ballot. There was consensus of the Council to place a ½ cent Transactions Tax Ballot Measure for Council consideration at a future July meeting.

**D. Upcoming Meetings/Events**


The City Clerk brought to the Council's attention the upcoming Monterey Peninsula Chamber of Commerce's 104<sup>th</sup> Annual Business Excellence Awards Dinner to be held on Thursday, July 24<sup>th</sup> at the Portola Hotel Plaza & Spa. The Council indicated that they plan to attend.

**AGENDA ITEM 10, CLOSED SESSION**

The Acting City Attorney deemed that there was no need for Closed Session.

**AGENDA ITEM 11, ADJOURNMENT**

Motion to adjourn the City Council meeting was made by Council member Blackwelder, seconded by Council Member Kruper to the next regularly scheduled Council meeting on Tuesday, July 1, 2014 at 7:00 p.m. There was consensus of the Council to adjourn the meeting at 8:05 p.m.

  
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Linda Scholink, City Clerk