CALL TO ORDER Mayor/Chair Shoals called the meeting to order at 8:05 p.m. in the City Hall Council Chambers, 154 South Eighth Street, Grover Beach, California.

ROLL CALL
Council/Agency: Council/Board Members Bright, Mires, Peterson, Mayor Pro Tem/Vice Chair Nicolls, and Mayor/Chair Shoals were present.

City/Agency Staff: City Manager/Executive Director Perrault, City Attorney/General Counsel Koczanowicz, City Clerk/Agency Secretary McMahon, Administrative Services Director/Finance Officer Chapman, Police Chief Copsey, and Economic Development Specialist Buckingham were also present.

Also present was City Engineer Garing.

PUBLIC COMMUNICATIONS The Mayor/Chair opened the floor to any member of the public for comment on items of interest which were within the jurisdiction of the City Council / Improvement Agency, but were not listed on the agenda. No one responded and the Mayor/Chair closed the Public Communications segment for this portion of the meeting.

JOINT CITY COUNCIL / IMPROVEMENT AGENCY - CONSENT AGENDA

CC/IA-1. Minutes of the Joint City Council/Improvement Agency Meeting of August 17, 2009. Action: Upon unanimous consensus, the minutes were approved as submitted.

JOINT CITY COUNCIL / IMPROVEMENT AGENCY - BUSINESS

CC/IA-2. FY 10 Mid-year Budget Review.

Mayor/Chair Shoals read the title to the foregoing item and deferred to staff for a report. City Manager/Executive Director Perrault stated that, subsequent to the agenda packet being copied and distributed, the recommended action regarding the mid-year budget had been revised. He recommended instead that the Council / Agency Board receive the mid-year budget presentation, provide direction as necessary, and take no action to amend the budget until he had completed meetings with department directors regarding the goal of a five percent (5%) budget reduction in each department.

City Manager/Executive Director Perrault then provided an overview of the budget, stating that General Fund revenues had continued to decline as a direct impact of the economy and were now projected to be approximately six percent (6%) less than originally anticipated. The most significant revenue reductions were noted in the areas of property taxes, utility users tax, franchise fees, and sales tax receipts.

City Manager/Executive Director Perrault suggested implementing the following mid-year budget measures:

- a hiring freeze, following the recruitment of two department directors;
- five percent (5%) reduction for each department;
- deferral of all non-essential purchases and continued monitoring of expenditures;
- immediately beginning discussions with employee groups regarding potential changes in work schedules for the coming year; and
- the modest use of Reserve Funds, as needed.

He stated property taxes and sales tax revenues were expected to continue to decline, and staff would be analyzing City-owned properties for potential sale to develop another affordable housing project.

Administrative Services Director/Finance Officer Chapman provided additional details regarding the General Fund and anticipated savings from reduced spending. She then provided an overview of budget projections for the following funds:
• **COPS Grant Fund** - anticipated receipt of funds to be saved and budgeted in FY 11;
• **Traffic Congestion Relief Fund** - anticipated receipt of funds to be budgeted in FY 11;
• **Wastewater Fund** - less revenue was anticipated due to vacancies, expenditures were on target, fund had adequate reserves;
• **Water Fund** - less revenue was anticipated, Water Rate Study already underway;
• **Storm Water Fund** - still no revenue source, however, expenditures were lower than budgeted, a fee needed to be established for this fund;
• **Building and Planning Fund** - less revenue was anticipated, expenditures were higher than budgeted, line staff would be focusing instead on housing and water conservation programs; however, applications had been received for the construction of new homes and the planning application for the Grover Beach Lodge and Conference Center Project was anticipated;
• **Skate Park Fund** - anticipated less revenue as well as less expenditures, the $10,134 deficit would need to be covered by the General Fund;
• **Improvement Agency Area One** - the Administrative Fund was projected to be lower than anticipated;
• **Development Impact Fees** - fees had been received from one new commercial development; however, commercial projects provided no development impact fees for Parks Facilities or Recreation Facilities.

She stated that a shortfall of $301,882 was anticipated for the General Fund. By including carryover funds, the shortfall was anticipated to be $276,245. If the recommended measures to address the budget shortfall were implemented, the FY10 Budget should be balanced by the end of the fiscal year. She and City Manager / Executive Director Perrault then responded to questions from the Council / Agency Board.

Mayor/Chair Shoals invited public comments on this matter. There was no response and he closed the public comment period for this item.

Brief Council / Agency Board discussion was held regarding having the Parks, Recreation and Beautification Commission consider increasing fees or looking for additional revenue sources for the Skate Park; the increasing fiscal burden to the City’s Water Fund from Lopez Lake; the need to discuss long-term regional water needs; the lack of a revenue source for the Storm Water Fund; and the steps required to conduct a Proposition 218 hearing.

The Council / Agency Board then commended staff for working within the City’s fiscal constraints.

**Action**: Upon unanimous consensus, the Council/Agency Board received the information and continued this matter until the completion of meetings with department directors by the City Manager / Executive Director to discuss proposed budget reductions.

**CC/IA-3. Authorization to Proceed with the Sale of City-owned Property Identified as a Portion of APN 060-581-032 to the Improvement Agency for an Affordable Housing Project.**

Mayor/Chair Shoals read the title to the foregoing item and deferred to staff for a report. For the information of those present, City Manager / Executive Director Perrault stated the FY 10 Budget identified the sale of a City-owned property to the Improvement Agency for the construction of an affordable housing project. Proceeds from the sale were estimated at $300,000 and would be used towards balancing the General Fund portion of the budget. In FY 09, the City sold a City-owned parcel located at the northwest corner of South 10th Street and Farrell Road to the Agency for a similar use to assist with balancing the budget. He stated that a Request for Proposals was recently issued to solicit developer interest in constructing the affordable housing project.
From a list of 37 City-owned parcels, City Manager / Executive Director Perrault described one parcel identified for potential sale that was located in the northeastern part of the City adjacent to Hillcrest Avenue, situated on the site of three water reservoirs. The reservoirs were not anticipated to be augmented or expanded for future water needs. Therefore, a parcel of approximately 7,000 to 7,500 square feet could be created on the southeast portion of the reservoir site that could be suitable for the construction of an affordable housing project. Access to the site could be from either the church-owned property located to the south or from the reservoir access road. The first step in the sale of this parcel would be to have it appraised.

He then described the constraints of other City-owned parcels that eliminated them from future consideration for selling purposes, and identified two additional parcels that might merit further review: 912 Margarita Avenue and 920 Brighton Avenue. He described the former parcel as open space and the latter as a community garden. He then responded to questions from the Council/Agency.

The Mayor/Chair invited public comments on this matter. No public comments were received.

Brief Council/Agency discussion was held regarding:

• whether the Hillcrest site was suitable for an affordable housing project;
• obtaining a market analysis or broker price opinion, instead of a formal appraisal;
• contacting the adjacent church property owners to determine whether there was any interest in pursuing a potential partnership opportunity to expand the site for the construction of an affordable housing project; and
• conducting further research on City-owned parcels to determine the most suitable site for the construction of an affordable housing project.

City Attorney/General Counsel Koczanowicz stated that a market analysis could be done as a preliminary step, but that a property appraisal would confirm that public funds were not being spent unnecessarily. He also pointed out that combining the proposed parcel with another parcel might decrease the value of the smaller City-owned portion.

City Manager / Executive Director Perrault stated that the sale of City-owned property to a private owner might take longer to complete, compared to selling it to the Agency. He pointed out that the range of housing that qualified as “affordable” included workforce housing.

The Council/Agency requested that further analysis be conducted regarding certain City-owned parcels before identifying one for sale, and potentially authorizing the use of other City funds to address the current budget shortfall.

Action: Upon unanimous consensus, the Council / Agency Board requested further analysis regarding:

1) Why the following parcels were not being recommended for sale:

<table>
<thead>
<tr>
<th>Inventory #</th>
<th>APN</th>
<th>Property Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot 3</td>
<td>APN 060-012-032</td>
<td>912 Margarita Avenue - open space parcel;</td>
</tr>
<tr>
<td>Lot 7</td>
<td>APN 060-162-018</td>
<td>920 Brighton Avenue - community garden site;</td>
</tr>
<tr>
<td>Lot 27</td>
<td>APN 060-561-068</td>
<td>1110 Refugio Court - reconfirm the basin size;</td>
</tr>
<tr>
<td>Lot 30</td>
<td>APN 060-565-041</td>
<td>0 San Sorrento Court; and</td>
</tr>
<tr>
<td>Lot 34</td>
<td>APN 060-591-018</td>
<td>0 South 13th Street</td>
</tr>
</tbody>
</table>

2) The suitability of the following parcel for an affordable housing project or multi-dwelling unit:

<table>
<thead>
<tr>
<th>Inventory #</th>
<th>APN</th>
<th>Property Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot 33</td>
<td>APN 060-581-032</td>
<td>1541 Hillcrest Drive</td>
</tr>
</tbody>
</table>
ADJOURNMENT

There being no further business to come before the City Council / Improvement Agency, Mayor/Chair Shoals adjourned the meeting at 9:10 p.m.

City Council:

/s/JOHN P. SHOALS, MAYOR

Attest:

/s/DONNA L. McMAHON, CITY CLERK

(Approved at the Special CC Mtg 08/09/2010)

Improvement Agency:

/s/JOHN P. SHOALS, CHAIR

Attest:

/s/DONNA L. McMAHON, AGENCY SECRETARY

(Approved at CC/IA Mtg 09/13/2010)