

**MINUTES
SPECIAL CITY COUNCIL MEETING
TUESDAY, AUGUST 7, 2007**

CALL TO ORDER Mayor Lieberman called the meeting to order at 6:30 p.m. in the City Hall Council Chambers, 154 South Eighth Street, Grover Beach, California.

ROLL CALL

City Council: Council Members Ashton, Bright, Nicolls, and Mayor Lieberman were present. Mayor Pro Tem Shoals was absent.

City Staff: City Manager Perrault, City Clerk McMahon, Administrative Services Director Chapman, Community Development Director Hansen, and Public Works Superintendent Ford were also present.

Also present were City Engineer Garing and financial advisor Craig Hill from the firm Northcross, Hill & Ach.

PUBLIC COMMUNICATIONS

Mayor Lieberman opened the floor to any member of the public for comment on items of interest which were within the jurisdiction of the City Council but were not listed on the agenda. No public comments were received at this time, and Mayor Lieberman closed the Public Communications segment for this portion of the meeting.

WORKSHOP

1. Financing Street Repairs.

Mayor Lieberman read the title to the foregoing item and deferred to staff for a report. City Manager Perrault gave an overview of issues discussed at the previous workshop session held in March 2007 regarding street repairs. He stated it was determined that the total cost to rehabilitate all City streets could be as much as \$47 million. As a result of that workshop, the following had occurred:

- The allocation of funds to repair streets was increased from \$500,000 to \$800,000;
- The Pavement Management System was modified to remove those streets designated as "collectors" from the system;
- The revised Pavement Management System was then incorporated into the City's street selection criteria;
- The allocation of street funds would focus 75% of unrestricted resources on streets rated between 60 and 80 by the Pavement Management System and 25% of unrestricted funds to be used on streets rated between 0 to 20; and
- Two additional workshops would be scheduled to focus on: 1) financing alternatives to accomplish approximately \$10 million dollars in street rehabilitation, and 2) a presentation regarding state and federal funds previously received for street and transportation improvement projects by a representative from the San Luis Obispo Council of Governments (SLOCOG), along with a prospective review regarding state and federal funding opportunities.

City Manager Perrault stated that the primary mechanism for financing street improvements would be through the sale of municipal bonds. He then introduced Craig Hill of the firm Northcross, Hill & Ach.

Referencing a PowerPoint presentation, Mr. Hill gave a detailed description of four types of financing options, reviewed the various fiscal impacts to property owners and business owners, and explained the pros and cons of each option:

- *General Obligation Bonds* -
 - two-thirds (2/3) approval required by registered voters;
 - each property would have a tax rate established at its assessed value; and
 - the lowest cost financing mechanism.
- *Assessment Bonds* -
 - simple majority approval needed by property owners or lack of significant amount of protests received; and

- require a special engineer's report calculating specific benefit to each property that could require City funding for a portion of annual debt service.
- *Special Tax Bonds* -
 - subject to approval by registered voters;
 - referred to as a "designer tax" because different tax rates could be established for various circumstances or specific areas to establish a more equitable distribution of the tax burden; and
 - slightly higher cost than general obligation bonds.
- *General Fund Lease-Type Financing* -
 - lease arrangements for certain types of projects; and
 - the most expensive form of financing when compared to the other options identified and therefore not recommended at this time.

Mr. Hill then reviewed financing models at 20-year and 25-year financing periods.

Throughout the presentation, Mr. Hill and City staff responded to questions from the Council and the following members of the public:

- Don Fielding, Grover Beach;
- Liz Doukas, Grover Beach;
- Gene Bello, Grover Beach;
- Anita Shower, Grover Beach;
- Gracia Bello, Grover Beach;
- Adam Hill, Grover Beach;
- John Laferriere, Parks, Recreation & Beautification Commissioner;
- Ralph Wright, Grover Beach; and
- Loretta Doukas, Grover Beach.

Upon request, Public Works Superintendent Ford provided an overview regarding the number of residential streets and blocks within the City, the number of streets identified that required maintenance, and how improvements were also being made Citywide to water and sewer mains.

City Manager Perrault stated that staff would continue to refine data in the Pavement Management System to provide the Council with the most current information on street conditions in order to determine the scope of work to be done. Once that information was available, a specific funding amount could then be realistically identified and the most appropriate financing mechanism selected. He also noted that, in the meantime, the City would continue to dedicate funds each fiscal year towards ongoing street maintenance.

Brief discussion was held regarding the importance of public education on the fiscal impacts from each financing option, and the broad community support needed to obtain sufficient funding to fill the gap between the costs in order to significantly improve street conditions and the City's existing fiscal resources.

The Council thanked Mr. Hill for the informative presentation and audience members for their participation in the workshop discussion.

ADJOURNMENT

There being no further business to come before the City Council, Mayor Lieberman adjourned the meeting at 8:28 p.m.

/s/STEPHEN C. LIEBERMAN, MAYOR

Attest:

/s/DONNA L. McMAHON, CITY CLERK
(Approved at CC Mtg 10/15/07)