

**MINUTES
CITY COUNCIL MEETING
MONDAY, JUNE 21, 2010**

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

MOMENT OF SILENCE

FLAG SALUTE The flag salute was led by Council Member Peterson.

ROLL CALL

City Council: Council Members Bright, Mires, Peterson, Mayor Pro Tem Nicolls, and Mayor Shoals were present.

City Staff: City Manager Perrault, City Attorney Koczanowicz, City Clerk McMahon, Administrative Services Director Chapman, Community Development Director Buckingham, Public Works Director/City Engineer Ray, Police Chief Copsey, Parks and Recreation Director Petker, and Human Resources Coordinator Barrett were also present.

Also present were City Engineer(Water/Sewer) Garing and Clayton Tuckfield of Tuckfield and Associates.

CLOSED SESSION ANNOUNCEMENTS City Attorney Koczanowicz read the following announcement:

On Monday, June 7, 2010 after meeting in Closed Session regarding:

1. Conference with Legal Counsel - Existing Litigation
Pursuant to Government Code Section 54956.9(a)
Scoville v. City of Grover Beach CV 100139

the City Council reconvened into open session, and announced there were no reportable actions taken.

AGENDA REVIEW

Action: Upon unanimous consensus, the Council adopted the agenda as presented.

CEREMONIAL CALENDAR

None at this time.

PUBLIC COMMUNICATIONS The Mayor 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.

- A. Dee Santos, Parks, Recreation & Beautification Commissioner, recapped events of the recent Spring Garden Tour. She then outlined the upcoming Sizzlin' Summer Concert Series and Farmers' Markets.
- B. John A. Wysong, Grover Beach, requested the City increase the number of City-sponsored special events to generate revenue. He then expressed concerns regarding streets in need of repair and high density parking in the area of Brighton Avenue and North 14th Street.
- C. Joe Wolosz, Grover Beach, requested the Council re-order items on the agenda to accommodate senior citizens who were in attendance and interested in speaking regarding Agenda Item CC/IA-1, the proposed sale of a portion of City-owned property located on Hillcrest Drive for an affordable housing project.

PUBLIC HEARINGS

1. Proposed Adjustments in Water Service Rates.

Mayor Shoals read the title to the foregoing item, declared the Public Hearing open, and deferred to staff for a report. For the information of those present, Administrative Services Director Chapman provided an overview of the report regarding proposed adjustments to the Master Fee Schedule to adjust water service rates for 2011 and 2012, with future adjustments at a rate equal to the Consumer Price Index for Los Angeles/Riverside County.

She stated that a Water Rate Study recently conducted by Tuckfield and Associates recommended the immediate adjustment of water service rates to offset significant cost increases associated with the operation of Lopez Lake Reservoir and the water distribution system, as well as to provide adequate funds for capital improvements and replenish Water Fund Reserves. It was noted that cost increases were largely due to costs associated with the water treatment and production facilities owned and operated by the County at Lopez Lake. The City received approximately 36% of its water from Lopez Lake and, per contract, was obligated to pay proportionately for its share of Lopez Lake operations. She stated that the City had covered these costs using Water Fund Reserves, which were now depleted, and the fund needed to be replenished over time to obtain the minimum level of 10% of the operational budget.

Administrative Services Director Chapman then described proposed water rate adjustments based on volume of water consumed and meter size, stating it was the most efficient and cost-effective method. She then outlined an alternative for phased implementation of three water rate adjustments over a 16-month period, which would require a short-term advance from other City sources to cover operational obligations. She then introduced Clayton Tuckfield of Tuckfield and Associates.

Mr. Tuckfield provided an overview of the proposed Water Financial Plan, 2010 Rate Study, and the current, as well as proposed, water rate structure.

Brief discussion was held regarding the proposed rate structure and how the Consumer Price Index was applied based on the three major metropolitan areas of either San Francisco, Los Angeles/Riverside County or San Diego. It was noted that most residential water customers had either a 5/8-inch or 3/4-inch meter. Additional discussion was held regarding contractual obligations for use of water from Lopez Lake; potential fiscal impacts with adjusting water rates in phases; operating expenses and unfilled staff positions in the Water Enterprise Fund; and costs controlled by the County that were passed on to member agencies. It was also noted that the City had contacted the other member agencies to discuss a long-term approach to controlling the costs for water treatment and production facilities at Lopez Lake.

City Attorney Koczanowicz stated that anyone who desired to file a protest regarding the proposed water rate adjustments should do so at this time by submitting a protest in writing to the City Clerk.

Mayor Shoals invited comments from those in the audience who wished to be heard on this matter.

The following persons objected to the proposed rate adjustments:

- Ray Loyd, Grover Beach, cited negative fiscal impacts to retirees on limited incomes;
- Tim Scott, Grover Beach, cited faulty meter-reading equipment as a possible cause of reduced revenues;
- Jackie Longstaff, Grover Beach, suggested replacing higher paid, long-time employees;
- David Ekbom, former Mayor, Grover Beach, described past water rate increases for his laundromat business and urged member agencies to take over operations of the water treatment plant to control costs;
- Ann Maliszewski, Grover Beach, objected to salary increases indicated in the study;
- Marcia Thornton, former Council Member, Grover Beach, requested access to financial data regarding water rates;

- Dee Santos, former Mayor and current Parks, Recreation & Beautification Commissioner, requested additional Public Hearings and urged increasing water conservation efforts;
- Leticia Soria, Grover Beach business owner and resident, objected to the use of independent consultants;
- Joe Kershaw, Grover Beach, suggested increasing production from the City's water wells;
- John A. Wysong, Grover Beach; and
- Wayne Allen, Grover Beach, who objected to salary increases indicated in the study.

Dean Benedix, San Luis Obispo County Utilities Division Manager, stated that he and a financial accountant from the County were available to respond to questions. He then described costs incurred to upgrade the Lopez water treatment plant, complete the seismic retrofit of Lopez Dam in 2002, and complete upgrades to meet new State requirements. He also described information reviewed at monthly meetings of the Zone 3 Technical Advisory Committee and every two months by the Zone 3 Advisory Committee. He then commented that construction costs at the time the project went out to bid were at peak levels, and options for meeting the State's requirements were limited when only one bid was received.

There were no further public comments received and the Mayor closed the Public Hearing.

Further Council discussion was held regarding upcoming public workshops regarding the City budget; costs to retain the services of an independent consultant to complete the rate study which could not have been completed by in-house staff; cost increases associated with the maintenance and operations of Lopez Lake that were unrelated to building development or an increase in water capacity; and the City's previous implementation of a tiered water rate structure to encourage water conservation. Additional discussion was held regarding negative fiscal impacts due to state and federal regulations on the operations and maintenance of Lopez Lake, as well as options for implementing a rate adjustment in phases. It was also noted that the percentage indicated in the study was not an automatic salary increase for employees.

City Attorney Koczanowicz recommended that, as a matter of procedure, an official count be conducted regarding the number of written protests received.

Recess: Upon consensus of the City Council, the meeting recessed at 8:27 p.m.

Reconvene: At 8:38 p.m., the meeting reconvened with all members of the City Council present.

Mayor Shoals announced that a total of 71 written protests had been received by the City Clerk and noted that the threshold amount of 50% plus one would have equaled 2,407.

Council discussion was held regarding additional costs that would be incurred with delaying a rate adjustment; further investigating options for reducing operating costs; renegotiating the contract for Lopez water with the County; legal requirements regarding Lopez water bond payments; reducing the amount in the Water Reserve Fund; and fiscal impacts to water customers if rate adjustments were implemented in phases. It was noted that water rates in Grover Beach were lower than those charged in the surrounding communities.

Action: It was m/s by Council Member Mires/Mayor Pro Tem Nicolls to adopt the Resolution amending the Master Fee Schedule for water rates per the recommendation in the Water Rate Study. The motion *failed* on the following roll call vote:

AYES: Council Members Mires and Mayor Pro Tem Nicolls.

NOES: Council Members Bright, Peterson, and Mayor Shoals.

ABSENT: Council Members - None.

ABSTAIN: Council Members - None.

Action: It was m/s by Council Members Bright/Peterson to:

- 1) adjust water rates under the option of a three-phased approach;
- 2) request staff return with further information regarding potential cost savings if:
 - a) the percentage amount indicated in the Water Rate Study for salary increases was reduced,

- b) operational costs for the City were reduced further,
 - c) the agreement with the County was renegotiated to reduce the City's allocation, and
 - d) the amount in the Water Reserve Fund was reduced; and
- 3) request staff analyze whether a different water rate structure could be implemented for water customers who were on a fixed income.

Further discussion was held regarding a desire to balance the base rate and costs per meter size, but ensuring that residential water customers did not subsidize industrial and commercial water customers. The motion was then withdrawn.

City Attorney Koczanowicz stated that the Council could authorize implementing water rate adjustments in phases, but that the total amount authorized would have to either be at or below the amounts indicated in the Public Hearing notice or further noticing requirements would be required. He then described the additional noticing requirements to implement the alternative presented for a three-phased rate adjustment as outlined in the staff report. He also clarified that the Public Hearing had been closed and, with only 71 written protests received, the protest hearing had failed.

Action: Upon unanimous consensus, the matter was continued to the City Council meeting of July 6, 2010. Further, staff was requested to re-analyze proposed water rate adjustments by: 1) reducing the percentage included in the Water Rate Study for salary increases, 2) reducing the amount in the Water Reserve Fund, and 3) providing rate structure scenarios for a three-phased approach, starting at 15%, 15%, and 2%.

Recess: Upon consensus of the City Council, the meeting recessed at 9:06 p.m.

Reconvene: At 9:15 p.m., the meeting reconvened with all members of the City Council present.

CONSENT AGENDA

It was m/s by Council Members Bright/Peterson to approve Consent Agenda Item Nos. 2, 3, 4, and 5 as recommended. The motion carried on the following roll call vote:

2. Treasurer's Report for the Period June 2 - June 16, 2010.

Action: Approved as submitted.

3. Second Reading of Ordinance No. 10-04 to Amend the Zoning Regulations to Eliminate the Requirement for General Development Plans in Certain Zoning Districts and Revise the Commercial Use Table - Zoning Code Amendment 10-001 - Amending the Zoning Code to eliminate the requirement for General Development Plans in the Coastal Planned Single Family Residential (C-P-R-1), Mixed Use Development (M-U), Planned Commercial (P-C), Coastal Planned Commercial (C-P-C), and Planned Community Development (P-D) Zoning Districts, and revise the Commercial Use Table to streamline the application process for certain types of uses. The proposed amendments would expedite the development review process and were consistent with the goals of the City's Economic Development Strategy.

Action: 1) Conducted second reading, by title only, and adopted Ordinance No. 10-04; and 2) adopted Resolution No. 10-34 authorizing submittal of the amendment to the Coastal Commission.

Resolution No. 10-34: A Resolution of the City Council of the City of Grover Beach, Amending the City's Local Coastal Program and Authorizing Submittal of the Amendment to the State Coastal Commission.

Ordinance No. 10-04: An Ordinance of the City Council of the City of Grover Beach Amending Article IX, Planning and Zoning Regulations, Chapter 1, Parts 6, 14, 21, 22, and 27 to Eliminate the Requirement for a General Development Plan, and Amend Chapter 1, Part 22, Table 1 - Commercial District Use Table.

4. Proposed Appropriation of Bicycle Master Plan Expenses - Appropriating funds to complete a Bicycle Master Plan to promote bicycling as a viable transportation choice and enable the City to apply for certain grants for creating improved bicycle facilities.

Action: Adopted Resolution No. 10-35 amending the Annual Appropriation Resolution to appropriate \$11,520 to complete the Bicycle Master Plan.

Resolution No. 10-35: A Resolution of the City Council of the City of Grover Beach, California, Adopting the 9th Amendment to the Annual Appropriation Resolution No. 09-47 by Providing Funding for the Bicycle Master Plan Expenses.

5. **Consideration of Resolution Authorizing Application for Grant Funds from the Per Capita Grant Program Under the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 Project** - Application for a 100% reimbursable state grant to fund construction of a new restroom structure at Grover Heights Park, referred to as the Grover Heights Park Restroom Replacement Project.
Action: Adopted Resolution No. 10-36.

Resolution No. 10-36: Resolution of the City Council of the City of Grover Beach, California, Authorizing Application for Grant Funds from the Per Capita Grant Program Under the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002.

REGULAR BUSINESS

6. **Repeated Second Reading and Adoption of Ordinance to Amend PERS Formula for Sworn Members of the Grover Beach Police Officers' Association; Adoption of Resolution Amending the City's Classification and Compensation Plan (CCP).**

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. For the information of those present, Human Resources Coordinator Barrett provided an overview of the repeated second reading and adoption of an Ordinance to amend the contract with CalPERS to provide enhanced retirement benefits (Local Safety 3% @ Age 55 Modified Formula) to sworn members of the Grover Beach Police Officers' Association as negotiated for in the 2007-2010 Memorandum of Understanding. She stated this second reading was due to CalPERS rules prohibiting the second reading and adoption of the Ordinance on the consent portion of the Council's agenda, which was the case at the meeting of May 3, 2010. The amendment to the Classification and Compensation Plan would therefore be revised from an effective date of June 14, 2010 to July 26, 2010.

Mayor Shoals invited comments from those in the audience who wished to be heard on this matter.

David Ekbohm, former Mayor, Grover Beach, stated that he had not been aware that the amendment was part of a previously negotiated labor contract, but that he still objected to the proposed retirement benefit rate.

There were no further public comments received.

Action: It was m/s by Council Members Peterson/Mires to: 1) conduct the repeated second reading, by title only, and again adopt Ordinance No. 10-02; and 2) adopt Resolution No. 10-37, changing the effective date for the amendment to the Classification and Compensation Plan from June 14, 2010 to July 26, 2010. The motion carried on the following roll call vote:

AYES: Council Members Bright, Mires, Peterson, Mayor Pro Tem Nicolls, and Mayor Shoals.
NOES: Council Members - None.
ABSENT: Council Members - None.
ABSTAIN: Council Members - None.

Ordinance No. 10-02: Authorizing an Amendment to the Contract Between the City Council of the City of Grover Beach, California, and the Board of Administration of the California Public Employees' Retirement System

Resolution No. 10-37: A Resolution of the City Council of the City of Grover Beach, California, Amending Resolution No. 02-73 to Adjust the Salary Ranges for the Sworn Job Classes of Police Chief, Police Lieutenant, Police Sergeant, Senior Police Officer/Corporal, and Police Officer.

Recess: Upon consensus of the City Council, at 9:22 p.m. the meeting recessed to conduct the Joint City Council/Improvement Agency meeting, which was also scheduled for this same evening.

Reconvene: At 9:59 p.m., the meeting reconvened with all Council Members present, except for Council Member Peterson, who stated after the conclusion of the Joint City Council/Improvement Agency meeting that she had to leave early the next day to travel out of town for the funeral of a family member.

COUNCIL COMMITTEE REPORTS

Upon consensus, Council Committee reports were deferred to the next meeting.

CITY COUNCIL MEMBER ITEMS

None at this time.

COUNCIL COMMUNICATIONS

Upon consensus, Council Communications were deferred to the next meeting.

CITY MANAGER'S REPORTS AND COMMENTS

7. Status Report on West Grand Avenue Enhancement Project.

For the information of those present, City Manager Perrault provided an overview of meetings held with business owners regarding the West Grand Avenue Enhancement Project. He stated staff anticipated having all four lanes of travel open for the Fourth of July holiday weekend. He then described the assistance program being made available to business owners located within the project area.

Public Works Director/City Engineer Ray described construction and landscaping to be completed in the coming weeks, as well as plans to accommodate traffic circulation over the holiday weekend.

CITY ATTORNEY'S REPORTS AND COMMENTS

8. Discussion Regarding Placing the Mayor's Term of Office on the Ballot and the Effective Date of the Amendment.

For the information of those present, City Attorney Koczanowicz reviewed information received from outside counsel confirming that, if the voters at the November 2, 2010 General Municipal Election approved a ballot measure changing the mayoral term from two years to four, the new term would become effective with the November 2012 election.

Brief discussion was held regarding the time frame to submit items to the County Clerk-Recorder's office for the November 2010 General Municipal Election. It was noted that the Council had received a written comment from former Mayor David Ekbohm objecting to changing the mayoral term from two years to four.

Action: Upon consensus (Council Member Peterson absent), this matter was continued to the Special City Council meeting scheduled for Wednesday, June 23, 2010.

CLOSED SESSION

None at this time.

ADJOURNMENT

There being no further business to come before the City Council, Mayor Shoals adjourned the meeting at 10:09 p.m.

/s/ JOHN P. SHOALS, MAYOR

Attest:

/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC Mtg 11/01/2010)