

**MINUTES
CITY COUNCIL MEETING
TUESDAY, JANUARY 17, 2012**

CALL TO ORDER Mayor Pro Tem Nicolls 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 Grace Mullis, a 9-year-old, 4th grade student at Grover Heights Elementary School.

ROLL CALL

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

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, and Police Chief Copsey were also present.

Also present was Interim Fire Chief Heath, Five Cities Fire Authority.

CLOSED SESSION ANNOUNCEMENTS

City Attorney Koczanowicz read the following announcement:

On Tuesday, January 3, 2011 after meeting in Closed Session regarding the following items:

1. Conference with Legal Counsel - Pending Litigation
Pursuant to Government Code Section 54956.9(c)
Initiation of Litigation: One (1) potential case
2. Conference with Real Property Negotiators
Pursuant to Government Code Section 54956.8
Property: APN 060-206-027
Agency negotiator: City Manager and City Attorney
Negotiating party: AT&T
Under negotiation: Land lease
3. Conference with Real Property Negotiators
Pursuant to Government Code Section 54956.8
Property: Hillcrest cell tower site (APN 060-581-041)
Agency negotiator: City Manager and City Attorney
Negotiating party: Crown Castle, Inc.
Under negotiation: Terms of a lease extension

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

AGENDA REVIEW

Action: Upon consensus (Mayor Shoals absent), the Council adopted the agenda as presented.

CEREMONIAL CALENDAR

1. **Proclamation of Appreciation to Jerome Ross for Nearly 25 Years of Service to the City of Grover Beach.**

On behalf of the City Council, Mayor Pro Tem Nicolls read and presented the proclamation to Jerome Ross, thanking him for his years of service to the City of Grover Beach as the City Mechanic. City Manager Perrault also commended Mr. Ross for his mechanical expertise and innovative thinking, which resulted in cost-savings to the City on numerous occasions.

PUBLIC COMMUNICATIONS The Mayor Pro Tem 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. Kaye Rosen, Grover Beach, expressed concerns regarding vacation rentals being operated in her neighborhood. She then submitted signed petitions requesting the City exclude the senior home neighborhood of Golden West Gardens from the proposed vacation rental ordinance.
- B. Brad Snook, Chair, Surfrider Foundation, thanked the City Council for its support of proposed regulations regarding plastic bags by the Integrated Waste Management Authority.

PUBLIC HEARINGS

None at this time.

CONSENT AGENDA

Prior to consideration of the Consent Agenda, City Attorney Koczanowicz requested that Item No. 4 be continued to the next City Council meeting due to the lack of a Council quorum regarding the committee appointments. Upon consensus (Mayor Shoals absent), the Council approved Consent Agenda Item Nos. 2 and 3, as recommended, and continued Consent Agenda Item No. 4 to the next City Council meeting.

- 2. **Treasurer's Report for the Period December 28, 2011 - January 9, 2012.**
Action: Approved as submitted.
- 3. **Minutes of the Joint City Council / Improvement Agency Meeting of January 3, 2012.**
Action: Approved the minutes as submitted.
- 4. **Appointments to the Air Pollution Control District (APCD) - Consideration regarding appointing Council representatives to the Air Pollution Control District.**
Action: Continued to the next City Council meeting.

REGULAR BUSINESS

- 5. **Review of Water and Sewer Funds and Consideration of Recommendations to Adjust Water Rates and Establish a Storm Water Fee.**

Mayor Pro Tem Nicolls read the title to the foregoing item and deferred to staff for a report. For the information of those present, City Manager Perrault provided an overview of revenues and expenditures in the Water Fund budget that were anticipated to result in further deficits. He stated that repayment of the loan between the Improvement Agency and the Water Fund had originally been anticipated this fiscal year, thus negating the need for a rate adjustment. However, repayment efforts were halted as a result of the State's action to dissolve the Improvement Agency. He also noted that the City would be unable to restore Water Fund reserves for the year. Therefore, a rate adjustment of approximately 10 percent was being recommended for implementation after completion of a Proposition 218 hearing process.

City Manager Perrault then reviewed expenditures for the Storm Water Fund and noted that no revenue source had been identified for this fund. Costs were anticipated to increase dramatically as a result of bringing the system into compliance with permits issued by the Regional Water Quality Control Board. He also noted that the City had appealed the imposition of the permit and permit requirements to the State Water Board, but the appeal was not granted. He then reviewed recommendations to combine the Storm Water Fund with the Wastewater Fund since both systems receive oversight by the Regional Water Quality Control Board, require a similar permit, and are operated by the Public Works Department. He stated establishing a storm water fee would provide revenues for operating the system and repay funds advanced to the Storm Water Fund. He then responded to questions from the Council.

Brief discussion was held regarding the significant requirements for operating a storm water system that were unfunded mandates; reserves in the Wastewater Fund; whether to revise the method for calculating fees based on usage rather than a base rate; and that after the proposed rate adjustments were implemented, water rates in Grover Beach would remain comparatively lower than the surrounding communities.

Mayor Pro Tem Nicolls invited public comments on this matter. There was no response received and he closed the public comment period for this item.

Further Council discussion was held regarding alternate methods for adjusting rates.

Action: Upon consensus (Mayor Shoals absent), the Council authorized staff to proceed with: 1) combining the Wastewater and Storm Water Fund, and 2) scheduling a Proposition 218 hearing to consider an adjustment of ten percent (10%) to the water rates and the establishment of a storm water fee amounting to \$4.55 per month per wastewater account.

6. Discussion Regarding Placing a Measure on the June 2012 Ballot Regarding the Removal of Term Limits from the Office of Directly-elected Mayor.

Mayor Pro Tem Nicolls read the title to the foregoing item and deferred to staff for a report. City Manager Perrault provided a brief overview of proposed ballot language if the Council chose to place a measure on the June 2012 ballot to either remove term limits from the office of directly-elected Mayor or remove term limits for all elected officials. He then outlined the actions necessary for placing a measure on the June ballot, noted the deadline in early March to request consolidation with the County for a special election with the Statewide Consolidated Primary Election, and described the estimated costs for conducting a special election in June. He also noted that an "all mail" ballot election process was not an option for a measure regarding term limits. He then responded to questions from the Council.

Mayor Pro Tem Nicolls invited public comments on this matter.

The following persons spoke in opposition to removing term limits:

- Anita Shower, Grover Beach, and
- Liz Doukas, Grover Beach.

There were no further public comments received.

Brief discussion ensued regarding term limits, and whether this single issue justified incurring the expense of conducting a special election. Further discussion was held regarding bringing the matter back for further consideration during future Council discussions regarding whether to change from a general law to a charter city.

Action: Upon consensus (Mayor Shoals absent), the Council suspended further discussion regarding term limits, and noted that the issue could be brought back for consideration when the Council discussed whether to pursue becoming a charter city.

7. Discussion Regarding Placing a Measure on the Ballot Regarding Revising the Business Tax Certificate Ordinance.

Mayor Pro Tem Nicolls read the title to the foregoing item and deferred to staff for a report. City Manager Perrault provided a brief overview of the Business Tax Certificate Program, which had not been updated for almost 20 years and charged most businesses an annual flat fee. He reviewed the various formulas in other jurisdictions for calculating business tax certificate rates, and then outlined recommendations for amending the City's program to make it more equitable for all business types, more user-friendly, and easier to administer. Rates would be based on gross receipts instead of a flat fee or, in the case of service/delivery vehicles for businesses located outside the City, based on the size and frequency of trips the service/delivery vehicle made into the City.

He then briefly reviewed the steps necessary for placement of a ballot measure on the June primary, as well as the estimated costs for conducting a special election. He also recommended first conducting education and outreach efforts to the business community regarding proposed amendments to the program, which might extend beyond the time available for placement on the June 2012 ballot. City Manager Perrault then responded to questions from the Council.

Mayor Pro Tem Nicolls invited public comments on this matter. There was no response received and he closed the public comment period for this item.

Brief discussion was held regarding seeking input from the business community and other stakeholders regarding proposed amendments to the Business Tax Certificate Program prior to determining whether to place this matter on the November ballot.

Action: Upon consensus (Mayor Shoals absent), the Council authorized staff to proceed with drafting recommended changes to the Business Tax Certificate Program for potential placement on the November 2012 ballot.

PULLED CONSENT AGENDA ITEMS

None at this time.

COUNCIL COMMITTEE REPORTS

Council Member Bright stated she had nothing to report.

Council Member Molnar reported on the meeting of the San Luis Obispo County Water Resources Advisory Committee (WRAC) and the meeting of the Integrated Waste Management Authority (IWMA).

Council Member Peterson distributed a letter received from the Economic Vitality Corporation (EVC) objecting to proposed greenhouse gas regulations by the Air Pollution Control District (APCD).

Mayor Pro Tem Nicolls reported on the meeting of the South San Luis Obispo County Sanitation District. He stated that the District Administrator and District Legal Counsel had requested that he remain as Chairman of the Board to facilitate coordination of ongoing issues at the District.

CITY COUNCIL MEMBER ITEMS

None at this time.

COUNCIL COMMUNICATIONS

None at this time.

CITY MANAGER'S REPORTS AND COMMENTS

8. Status Report Regarding Redevelopment Agencies, Consideration of a Letter Supporting the Extension of the Agency, and Setting a Special Meeting to Take Additional Action.

For the information of those present, City Manager Perrault stated that the Council had adopted a Resolution on January 3rd designating the City as the Successor Agency for Redevelopment Agency operations, with the exception of housing-related functions. He then outlined the remaining Council actions necessary prior to the dissolution of redevelopment agencies on February 1st. In order to ensure adequate time to prepare the necessary materials, it was recommended that a special meeting be scheduled on Monday, January 23, 2012. He also noted two pending legislative bills, SB 654 (Steinberg) and SB 659 (Padilla), that might further impact the dissolution process. SB 654 would reverse some of the limitations on the Successor Agency's ability to access and utilize funds on deposit in the Low- and Moderate-income Housing Fund. SB 659 would extend the dissolution deadline by two months. The extension would provide more time to ensure the dissolution of the agency was prudently carried out and provide time for proponents of redevelopment reform to develop and legislate a subsequent program. He then reviewed a draft letter to the Legislature and the Governor in support of SB 659, and responded to questions from the Council.

Mayor Pro Tem Nicolls invited public comments on this matter. There was no response received.

Brief discussion was held regarding scheduling a special meeting date. Council Member Molnar stated that she might not be available to attend a meeting on that date due to a prior commitment.

Action: Upon consensus (Mayor Shoals absent), the Council authorized: 1) scheduling a special meeting for the evening of Monday, January 23, 2012; and 2) the Mayor Pro Tem to send a letter on behalf of the City to the Legislature and the Governor in support of SB 659 (Padilla) to temporarily postpone the elimination of redevelopment agencies.

CITY ATTORNEY'S REPORTS AND COMMENTS

9. Discussion Regarding Potential Adoption of an Anti-nepotism Policy.

City Attorney Koczanowicz provided a brief overview of a draft anti-nepotism policy that was previously presented, but not adopted, to the City Council in 2004. He described the City's right to adopt an anti-nepotism policy for its employees, and confirmed that it could include a "grandfather" clause for current employees. He then responded to questions from the City Council.

Brief discussion was held regarding whether to establish an anti-nepotism policy.

Action: Upon consensus (Mayor Shoals absent), the Council directed staff to draft an anti-nepotism policy that included a "grandfather" clause for the Council's consideration.

Recess: Upon consensus of the City Council (Mayor Shoals absent), the meeting recessed at 8:32 p.m. to the Joint City Council / Improvement meeting, which was also scheduled for this same evening.

Reconvene: At 8:37 p.m., the meeting reconvened with all Council Members present, except for Mayor Shoals who was absent from this meeting.

CLOSED SESSION

At 8:46 p.m., the Council met in Closed Session regarding the following items:

1. **Conference with Legal Counsel - Pending Litigation**
Pursuant to Government Code Section 54956.9(c)
Initiation of Litigation: Two (2) potential case

2. **Conference with Real Property Negotiators**
Pursuant to Government Code Section 54956.8
Property: Hillcrest cell tower site (APN 060-581-041)
Agency negotiator: City Manager and City Attorney
Negotiating party: Crown Castle, Inc.
Under negotiation: Terms of a lease extension

Closed Session Announcements: At 9:34 p.m., Mayor Pro Tem Nicolls reconvened the meeting to open session with all Council Members present, except for Mayor Shoals who was absent from this meeting. He then announced the following reportable action regarding Closed Session Item No. 1 only: The City Council authorized proceeding with litigation in one (1) case (4-0-1, Mayor Shoals absent).

ADJOURNMENT

There being no further business to come before the City Council, Mayor Pro Tem Nicolls adjourned the meeting at 9:34 p.m.

/s/ WILLIAM L. NICOLLS, MAYOR PRO TEM

Attest:

/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC Mtg 02/06/2012)