

**MINUTES
CITY COUNCIL MEETING
MONDAY, MARCH 19, 2012**

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 A moment of silence was held in remembrance of Rob Bryn, Public Information Officer for the San Luis Obispo County Sheriff's Office.

FLAG SALUTE The flag salute was led by Priscilla Wampler, a 12-year-old, 6th grade student at Fairgrove Elementary School.

ROLL CALL

City Council: Council Members Bright, Molnar, 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, and Police Chief Copsey were also present.

Also present was Battalion Chief Riki Heath, Five Cities Fire Authority.

CLOSED SESSION ANNOUNCEMENTS

None at this time.

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. Geoff Straw, Executive Director, San Luis Obispo Regional Transit Authority, introduced himself as the new Executive Director and announced that funding had been secured to purchase new transit buses. He then invited City officials and members of the public to attend a 30-minute demonstration tour of a proposed bus model at the Ramona Garden Park transit center on Tuesday, March 20, 2012.
- B. Brad Snook, Chair, Surfrider Foundation, expressed concerns regarding operations and management of the South San Luis Obispo County Sanitation District.
- C. Elizabeth Doukas White, Grover Beach, expressed concerns regarding a dispute with a property management company and code enforcement issues involving a rental property in her neighborhood. She then distributed documentation regarding the matter.

PUBLIC HEARINGS

1. **Required Proposition 218 Public Hearing Regarding a Proposed 10% Adjustment to Water Rates and the Establishment of a Storm Water Fee.**

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 reviewed the legal requirements for Council consideration of a water rate adjustment and the establishment of a storm water fee. She then described the City's operation of an independent water utility system funded by water rates.

It was noted that the adopted FY12 Budget for the Water Fund reflected a deficit. At the time the budget was adopted, repayment of a loan from the Improvement Agency to the Water Fund was anticipated to cover capital costs and meter replacements, thus negating the need for an adjustment. However, the ability to repay the loan was eliminated after the State dissolved redevelopment agencies. Additionally, water revenues were lower than anticipated. The proposed rate adjustment would ensure basic maintenance and operational costs would be covered and would also re-establish a reserve fund. Administrative Services Director Chapman also noted a correction to the staff report and PowerPoint presentation, that fiscal impacts from a rate adjustment for residential customers should be per "billing cycle", not "~~per month~~". She then outlined components of the water system and factors affecting the cost of water, and described how costs have been controlled. She also noted the proposed rate adjustment would compare favorably with nearby jurisdictions.

Administrative Services Director Chapman then described the Storm Water Fund that was established in 2003 to track costs associated with the requirements for operating and maintaining a storm sewer system. Thus far, no fee had been established to cover those costs. She then outlined new environmental regulations, such as development of a five-year Storm Water Management Plan, that had substantially increased operating costs. The proposed storm water utility fee would enact the City's first fee for this unfunded mandate and enable the repayment of funds advanced from the Waste Water Fund and General Fund. Staff then responded to questions from the Council.

Brief discussion was held regarding enterprise funds, tiered water rates, the public notification process, utilization of the Consumer Price Index for a major metropolitan area as an industry standard, comparison of water rates in other jurisdictions, and pending legislation intended to address outstanding obligations of redevelopment agencies. It was also noted that establishing a program to subsidize other rate payers, such as senior citizens or low-income families, could be funded from the General Fund, but not from the Water Fund.

Public Works Director/City Engineer Ray described efforts to improve operational efficiencies and partner with other agencies to meet certain mandated requirements, as well as risks associated with deferring critical upgrades and maintenance, and the potential consequences of non-compliance with state mandates.

City Attorney Koczanowicz reviewed the process for submitting a valid protest regarding the proposed water rate adjustment and storm water utility fee.

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

The following persons spoke in opposition to the proposed rate adjustment:

- Kaye Roozen, Grover Beach;
- Dorothy Jess, Grover Beach;
- Elizabeth Doukas White, Grover Beach; and
- Fred Petrotta, Grover Beach.

The following person spoke in opposition to the proposed storm water utility fee:

- Dorothy Jess, Grover Beach.

The following persons also spoke, requesting and receiving information or clarification:

- Sharon Brown, Grover Beach, regarding estimated total costs for her utility bill;
- Anita Shower, Grover Beach, regarding the protest process and loans to other funds;
- Ed Small, Grover Beach, regarding certification requirements and "leakage"; and
- Dorothy Petrotta, Grover Beach, regarding whether fluoride was added to the water.

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

Discussion ensued regarding the common practice of cities to provide start-up funds for their own redevelopment agencies as a local investment; recent street improvements completed with limited financial resources; the tiered water rate structure and landscape

meters issued to larger water customers and commercial businesses; citywide benefits from improving the storm sewer system; and the funding sources utilized to complete repairs to Meadow Creek bridge. Additional discussion was held regarding amending the Master Fee Schedule to increase the amount charged for late fees; and considering alternate methods and the corresponding fiscal implications for rate increases in the future.

Council Member Molnar expressed a preference for implementing an alternate tiered rate structure at this time and increasing the amount charged for late payments, rather than the proposed ten percent adjustment.

City Attorney Koczanowicz noted that the proposed rate adjustment was included in the Public Hearing notice and the Council could lower that amount, but could not increase it above that which was indicated in the notice for this meeting. If the Council was interested in implementing a higher rate adjustment, it would require issuing a new 45-day notice. He then announced that there were a total of 62 written protest votes received by the close of the Public Hearing, which was approximately 1.6% of what was required to preclude the City Council from implementing the proposed rate adjustment and establishing the storm water utility fee.

Action: It was m/s by Mayor Pro Tem Nicolls/Mayor Shoals to: 1) amend the Resolution to note that the fees for water and sewer services and storm water were subject to an annual adjustment based on the Consumer Price Index for the Los Angeles/Riverside County Index, and 2) adopt Resolution No. 12-16, as amended, approving an amendment to the Master Fee Schedule for a water rate adjustment and the establishment of a storm water fee. The motion carried on the following roll call vote:

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

Resolution No. 12-16: A Resolution of the City Council of the City of Grover Beach Amending the Master Fee Schedule for Water Rates and Establishment of a Storm Water Utility Fee.

Upon unanimous consensus, the Council requested that a future discussion be held regarding alternate methods for adjusting water rates and the corresponding fiscal implications, as well as increasing the fee for past-due payments. Suggested alternate rate adjustment methods included: increasing the first tier to 15 units rather than 12 units; adjusting rates for second and third tiers only; establishing a maximum amount or "cap" for rate adjustments per year, unless otherwise authorized by the Council; and reviewing baseline costs and baseline usage as an incentive for water conservation.

City Manager Perrault noted that a discussion regarding alternate methods for calculating water rates and the corresponding financial impacts to the Water Fund could be including during the upcoming FY 13 budget meetings.

Recess: Upon consensus of the City Council, the meeting recessed at 8:39 p.m.
Reconvene: At 8:49 p.m., the meeting reconvened with all Council Members present.

CONSENT AGENDA

Prior to consideration of the Consent Agenda, Mayor Pro Tem Nicolls requested and received an explanation regarding a specific check warrant attached to the Treasurer's Report in Item No. 2, but that item was not pulled from the Consent Agenda for discussion.

It was m/s by Mayor Pro Tem Nicolls/Council Member Peterson to approve Consent Agenda Item Nos. 2, 3, 4, 5, and 6 as recommended. The motion carried on the following roll call vote:

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

2. Treasurer's Report for the Period February 28, 2012 - March 13, 2012.

Action: Approved as submitted.

3. Minutes of the City Council Meeting of Monday, February 21, 2012.

Action: Approved the minutes as submitted.

4. Business Tax Certificate Reports - Third and Fourth Quarters 2011.

Action: Received and filed reports for the periods July 2011 to September 2011 and October 2011 to December 2011.

5. Amendment to the Annual Appropriation Resolution: Transfer of SHA Funds from CIP 321 to CIP 312, the Train Station Expansion Project - Transferring funds from the completed Ramona Specific Plan Phase II Project to the Train Station Expansion Project.

Action: Adopted Resolution No. 12-17.

Resolution No. 12-17: A Resolution of the City Council of the City of Grover Beach, California, Adopting the 1st Amendment to the Annual Appropriation Resolution No. 11-55 by Transferring Funding from Capital Improvement Plan (CIP) 321 Ramona Specific Plan Phase II to Capital Improvement Plan (CIP) 312 Train Station Expansion Project.

6. Second Reading and Adoption of Ordinance No. 12-01 Amending the Zoning Map for the Grover Beach Lodge Project - Amending the Zoning Map to rezone approximately one acre on the south side of West Grand Avenue for development associated with the Grover Beach Lodge and Conference Center Project, Development Application No. 10-003.

Action: Adopted Ordinance No. 12-01.

Ordinance No. 12-01: An Ordinance of the City Council of the City of Grover Beach Amending Article IX, Planning and Zoning Regulations, Chapter 1 of the Grover Beach Municipal Code Amending the Zoning Map Associated with Development Permit Application No. 10-003 for the Grover Beach Lodge and Conference Center Project.

REGULAR BUSINESS

7. Mid-year Budget Review.

Mayor Shoals 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 the expenditures and revenues for all major funds during the second year of the two-year budget cycle. He noted the FY 10 Budget had achieved a surplus, which was carried over to FY 11. However, the FY 12 Budget was projected to have a deficit. Steps to mitigate the deficit included employee concessions, reducing the contribution to the local street rehabilitation program, conversion of employee health coverage to CalPERS, use of reserves, and controlled expenditure reductions. He noted that the City had been unable to make progress to date in overcoming the deficit for the current fiscal year. He also outlined major factors impacting the revenue side of the FY 12 Budget.

City Manager Perrault then outlined the following proposed strategy to offset a portion of the deficit for the remainder of the year, focus efforts on eliminating the structural deficit for the next fiscal year, curtail expenditures consistent with lower anticipated revenues, and maintain the delivery of critical municipal services:

For the remainder of the fiscal year (FY 12):

- Consolidate public counters at City Hall;
- Reduce park maintenance;

- Close the Skate Park on weekends; and
- Reduce street sweeping.

For the following fiscal year (FY 13):

- Complete consolidation of City Hall services;
- Reduce the workforce through early retirement incentive programs and lay-offs;
- Continue employee concessions;
- Reduce fire service costs;
- Continue evaluating the benefits of law enforcement consolidation;
- Evaluate the benefits of becoming a Charter City;
- Revise the Business Tax Certificate Program; and
- Establish a Hotelier Business Improvement District.

He noted that recommendations regarding final implementation of the proposed strategy would be presented during budget presentations in May 2012. He then responded to questions from the Council.

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

Sharon Brown, Grover Beach, expressed concerns regarding lighting at a park that was later clarified to be located in Arroyo Grande. She then suggested increasing park facility use fees for organized sports groups and expressed concerns for public safety in the event of reductions to police and fire services.

Kaye Roozen, Grover Beach, expressed concern that consolidating law enforcement services might increase costs for the City.

Jeff Lee, Chair, Parks, Recreation & Beautification Commission, spoke in support of continuing Parks and Recreation events and described efforts to reduce the City's costs. He noted the Parks, Recreation & Beautification Commission would discuss suggestions for further cost reductions, such as a solar demonstration project at a City park or facility, increasing volunteer participation at Grover Beautiful Days to clean up public areas, and encouraging the use of gray water.

There were no further public comments received.

Action: Upon unanimous consensus, the Council authorized staff to carry out the recommendations for mitigating the FY 12 Budget deficit and endorsed the framework strategy for developing the FY 13 Budget.

At 9:35 p.m., Council Member Bright stated that she was not feeling well, stepped down from the dais, and left the Council Chambers.

8. Recommendation Regarding City Hall Public Services Front Counter Consolidation/ Reorganization.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. For the information of those present, Public Works Director/City Engineer Ray displayed a preliminary plan of proposed changes to the building interior at City Hall and described the new public services counter that would consolidate the four existing public service counters to a single location. He noted there would be space for two work stations, a lobby space, and an entry area. Upon completion, accessibility upgrades would be completed for entry doors and bathrooms, and the east entrance to City Hall would be closed and used for employee access only. He then reviewed preliminary cost estimates, noted that construction of a media room for video production of City meetings could also be combined with this project for cost efficiencies, and then responded to questions from the Council.

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

Mayor Pro Tem Nicolls expressed concerns with the condition of the parking lot on the south side of City Hall and objected to encouraging the use of the south parking lot for the main entrance to City Hall until the repairs were completed.

Brief discussion was held regarding the proposed improvements, pending issues with the vehicle charging station to be installed in the north parking lot that had resulted in delays in completing the landscaping near the entrance to City Hall on South 8th Street, and improving the condition of the south parking lot and City Hall signage.

Action: Upon consensus, Council Member Bright absent and Mayor Pro Tem Nicolls voting “no”, the Council authorized staff to proceed with the Counter Consolidation Project, with staff to return with a design that includes improvements to the south parking lot at City Hall.

PULLED CONSENT AGENDA ITEMS

None at this time.

COUNCIL COMMITTEE REPORTS

Council Member Bright was absent from this portion of the meeting.

Council Member Molnar reported on the meeting of the Zone Three Advisory Committee.

Council Member Peterson reported on the meeting of the San Luis Obispo County Visitors & Conference Bureau (VCB) and the inquiry she received regarding whether the City would be sponsoring the train at the next “Savor the Central Coast” event. She also reported on the meeting of the San Luis Obispo County Economic Vitality Corporation (EVC).

Mayor Pro Tem Nicolls stated he had nothing to report.

Mayor Shoals reported on the meeting of the Five Cities Fire Joint Powers Authority.

CITY COUNCIL MEMBER ITEMS

None at this time.

COUNCIL COMMUNICATIONS

- A. Council Member Molnar inquired regarding the City’s process for responding to citizen concerns, such as those raised earlier that evening by Ms. Doukas White, as well as neighborhood concerns raised previously by residents in the North 14th Street area.

Brief discussion was held regarding the process for responding to code enforcement issues. City Manager Perrault noted that he had attended meetings with residents in the North 14th Street area with the Mayor and members of the Police Department. Follow up actions were taken to monitor that area and the concerns have since been resolved.

- B. Mayor Shoals distributed information regarding the Healthy Eating Active Living (HEAL) Cities Campaign in partnership with the League of California Cities and inquired whether the Council would be interested in considering a resolution in support of the campaign.

Action: Upon consensus (Council Member Bright absent), the Council authorized placing a resolution on a future City Council agenda for the Council’s consideration regarding the Healthy Eating Active Living (HEAL) Cities Campaign.

CITY MANAGER'S REPORTS AND COMMENTS

9. Appointments to the Oversight Board.

City Manager Perrault provided a brief overview of the information received to date regarding appointments anticipated to be made no later than April 15, 2012 to the Oversight Board for the Successor Agency to the Grover Beach Improvement Agency. He then reviewed some of the duties to be completed by the Oversight Board.

Mayor Shoals invited Council Members to submit the names of nominees for his consideration and noted that he would announce his appointments by April 2, 2012.

CITY ATTORNEY'S REPORTS AND COMMENTS

None at this time.

CLOSED SESSION

None.

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 04/16/2012)