



MINUTES
REGULAR CITY COUNCIL MEETING
FLYNN CENTER
981 H STREET
CRESCENT CITY, CA 95531

Monday	May 3, 2010	5:00 p.m.
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Call to Order Mayor Schellong called the meeting to order at 5:09 p.m.

Roll Call Council Members present: Burns, Westfall, Slert, Murray and Mayor Schellong
Others present: City Manager Rod Butler, Deputy City Clerk Karen Phillips for Robin Patch, City Attorney Robert Black, Public Works Director/City Engineer Jim Barnts, Associate Engineer/Utilities Director Eric Wier, Police Sgt. Garrett Scott, Finance Director Ken McDonald and Associate Planner Eric Taylor

Pledge of Allegiance Dianne Bennett

PUBLIC COMMENT ON CLOSED SESSION ITEMS

1. CLOSED SESSION

- Public Employment (Gov't Code § 54957 (b)) Police Chief, Fire Chief, Finance Director, City Planner/Economic Development Specialist, Housing Authority Executive Director, Public Works Director/City Engineer, and Central Services Director
- Conference with Labor Negotiator: Rod Butler, Crescent City Management Employees Association (Gov't Code § 54956.8)
- Conference with Labor Negotiator: Rod Butler, Crescent City Employees Association (Gov't Code § 54956.8)
- Public Employment (Gov't Code § 54957 (b)) City Manager/City Clerk
- Real Property Negotiations; Negotiator Rod Butler; APN 118-170-02, APN 118-260-12 (Gov't Code § 54956.8)
- Existing Litigation (Gov't Code § 54956.9 subdivision (a)) (Four cases: Barber vs. City of Crescent City, USDC Northern District of California, Case #08-CV-04883-WDB; Misti Cardenas vs. City of Crescent City, et. al., USDC CV08-4053; Sanches vs. City of Crescent City, USDC CV08-5663); Westfall vs. City of Crescent City, Del Norte County Superior Court; Wahlund Construction Company, O & M Industries Inc, Sequoia Construction Specialties, Ward Stover, PE dba Stover Engineering and Colburn Electric vs. City of Crescent City, Rod Butler, Donna Westfall and Douglas Westfall, Del Norte County Superior Court Case # CVPT 10-1075)
- Potential Litigation (Gov't Code § 54956.9 subdivision (b)) (Two cases)
- Liability Claim – Claimant: Donna Westfall, agency claimed against City of Crescent City et al.

No public comments were received regarding the closed session items. There being no comments regarding the closed session, Mayor Schellong adjourned the meeting in closed session at 6:00 p.m. Council Member Westfall left the closed session at 5:45 p.m.

and Council Member Murray entered the closed session at 5:54 p.m. The closed session was adjourned at 6:00 p.m. and the meeting was reconvened in open session at the Flynn Administrative Center at 6:10 p.m. City Attorney Robert Black reported that no final actions were taken during the closed session.

ACKNOWLEDGEMENTS

2. Approve and read A PROCLAMATION SUPPORTING MAY 2010 AS OLDER AMERICANS MONTH. (Dianne Bennett)

Mayor Schellong read and presented the proclamation to Dianne Bennett, representing the Area I Agency of Aging. Ms. Bennett thanked the Council and for their support of policies and programs supporting seniors in Del Norte County. Council Member Slert recognized a special older person in the audience, Jim Gibson, who is an involved citizen, and is just back at the meetings after dealing with some medical issues. The entire Council welcomed Mr. Gibson back to the meetings.

CONSENT CALENDAR

3. Approval of the regular minutes of the April 19, 2010 Crescent City Council meeting.
4. Approval of warrant claims list for the period April 20, through May 3, 2010.
5. Approval of biweekly payroll reports for the period ending April 24, paid April 30, 2010.

On a motion by Council Member Slert, seconded by Council Member Burns and unanimously carried 5-0, the City Council of the City of Crescent City approved and adopted the consent calendar as amended, consisting of items 3 – 5. Corrections were noted to the minutes by Council Member Slert - page 4, seven lines down, bottom paragraph – “practical” should be “impractical”; page 6, 3rd line, second to bottom paragraph – “ Mr. Young hugeness of humanity, lost like in a third world country”; Council Member Westfall - page 2, second paragraph from bottom – wants comments added to the minutes and Prop 2 comments... “\$4 million added to the loan and the interest on the loan and that the sewer rates could go up at anytime without a prop 218 vote”. Mayor Schellong indicated that if the rates to go up in the future because of the sewer rollback being passed, they could not go up over current rates.

ADJOURN TO CRESCENT CITY REDEVELOPMENT AGENCY

6. See attached minutes. (Rod Butler)

7. PUBLIC HEARING(S) - none

NOTE: If you challenge the decision of the City Council in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing. (Gov't Code § 65009)

8. REPORTS- None

Reports relative to the City of Crescent City programs and projects, from staff or outside agencies.

COMMUNICATIONS

➤ **PUBLIC COMMENT PERIOD** – the following citizens made comments: Jackie Zlokovich, representing the Del Norte Youth Soccer Association, thanked the City grounds maintenance workers, and acknowledged the hard work of staff in keeping the Beach Front Park looking nice; Richard Miles thanked Jerry Dutton for the work he does at the park. Mr. Miles mentioned that Mr. Dutton has created a windbreak with the cypress. He thanked the City Manager for allowing him to help the City again to plant flowers around the area. Chris Howard commented on the prettiest town in America as mentioned by the Forbes Magazine. He mentioned funding and the initiative for the Sewer Rate Rollback Initiative and how that effort affects funding and causes angst among citizens. The Visitor's Bureau would like to change this and have funds to reinvest in the community; Karen Phillips addressed the Council regarding a meeting of the WE (Weakening Economy) Workgroup to be held on May 10th, 2010 at 5:30 p.m. at the Family Resource Center. The topic will be how we feed our most needy children during the summer. Over 50% of our children receive free and reduced meals at school and oftentimes the school meals are the only meal they receive. The Council was asked to participate by attending or participating in the program by sharing time, talent or treasure. The City Manager is a member of the WE Workgroup. Due to a budget workshop the City will not be able to attend the meeting on the 10th.

CONTINUING BUSINESS

9. Consider and adopt at second reading Ordinance No. 756, amending Crescent City Municipal Code Chapter 9.17 to prohibit smoking in public parks, playgrounds and other public places. Waive full reading and read by title only. (Martha Rice)

Mayor Schellong presented the second reading of Ordinance No. 756. City Attorney Black indicated the staff report is still the same, with the exception of a typo regarding 50 feet to 25 feet (item 4 [50] and paragraph B [25]) in the staff report. The Ordinance text is correct. According to Mayor Schellong this Ordinance all started with our kids in picking up cigarette butts and bringing it to the attention of the Council. The fact that they went to Kids Town to pick up the cigarette butts was very important to the Council. Nancy Rivera, city resident and Friday Night Live Advisor, stated the kids present were just told today that the Ordinance would be read before the Council tonight. They feel that it is very important as evidenced by the number present. Richard Miles spoke about First 5 having posted a sign on their building and there have been no cigarette butts at the garden, building or parking area since. Jackie Zlokovich stated the City has been really good about making the no smoking policy stick and this Ordinance will help. Lee Lo, youth resident, stated she has been picking up cigarette butts for several years; she feels that people realize the danger of cigarettes around parks.

On a motion by Council Member Slert, seconded by Council Member Murray, and carried 5-0 on a polled vote, the City Council waived the second reading, read in title only, and adopted Ordinance No. 756, amending Crescent City Municipal Code Chapter 9.17 to prohibit smoking in public parks, playgrounds and other public places.

10. Consider and approve Payment #35 for Wahlund Construction and Payment Invoice #7866 for Stover Engineering regarding the Wastewater Treatment Plant. (Jim Barnts)

No public comment was made regarding this item.

On a motion by Council Member Slert, seconded by Council Member Burns and carried on a four-fifths polled vote, with Council Member Westfall voting no, the City Council of the City of Crescent City approved Payment #35 for Wahlund Construction and Payment Invoice #7866 for Stover Engineering regarding the Wastewater Treatment Plant as presented.

NEW BUSINESS

11. Receive a report on completed street maintenance rehabilitation projects over the past three years and an update on upcoming street projects, including city-wide micro surfacing. (Jim Barnts/Eric Wier)

The following report was made by Eric Wier. Two contracts are on the agenda also for road work. Mr. Wier led the Council through a list, with photos of each, of the projects completed over the last five years, mostly with grant funding. He thanked Tamera Leighton, Executive Director of the Del Norte Local Transportation Commission for helping get the projects completed. Projects included A Street, Harding, 5th Street, Northcrest/Wilson, Harbor Trail Project, 9th Street Rehab and Pedestrian. Front Street will need some rehabilitation work due to the roadway needing to be stabilized. State Transportation Improvement Program (STIP), Regional Surface Transportation Project (RSTP) and other funds were used to complete the projects. This summer's project is the completion of the microsurfacing of 150 city blocks, 5th Street ARRA project; A Street to Front Street for an "S" curve and there will be a hard push to get done by the end of construction season. The A Street/Pebble Beach project has been suspended due to State budget constraints. City staff is very small and all projects have been done in house. Public Works Director Jim Barnts and the project crew were thanked for their hard work to get the projects completed on time and on budget. A project summary of the streets that have been maintained was given; most of the streets have been maintained over the last few years. While staff is not asking for funds for projects, they wanted the Council to know that maintenance of the streets is essential to keep them in working order. Mayor Schellong asked if there was a plan for each street to be maintained. Staff indicated there is no such written plan, but the roadways wear based on use, soils, etc. Valley Slurry's Mike Wallin spoke about the types of surfaces and tools to use to maintain the roadways. Maintenance projects help to add life to the roadways. The lifetime of a roadway after microsurfacing is 7-10 years. The micro-surfacing project time should begin in the next few weeks before the fog starts to roll in. Mayor Schellong asked to have a press release done announcing the work to make sure the residents know about it before hand. Mr. Wier indicated Front Street will be rejuvenated and restriped to help make it last longer using RDA funds. At the Crescent City Fire Hall on May 20th there will be a project discussion meeting and the public is invited. Resurfacing of Front Street will be done this year before the 4th of July. Tamera Leighton commented that the Del Norte Local Transportation Commission is a forward looking agency; Front Street is an incoming priority project for them. Front Street and the traffic calming and gateway treatment will both impact the City in a big way. She will be attending the STIP hearing at the state level in a few weeks and she feels that this is the most viable funding for this project. She asked that staff come back to the Commission before asking to use General Fund dollars and that they seek money from the Commission as there may be some pots of funding that could be used.

12. Award of contracts for two American Recovery and Reinvestment Act (ARRA) street and sidewalk projects. (Eric Wier)

- A. Award of contract to Hemmingsen Construction for the Fifth Street (A Street to Wendell Street) Rehabilitation & Pedestrian Improvements.
- B. Award of contract to Danco Builders Northwest for the H Street (Front Street to Eleventh Street) Pedestrian Access Ramp Improvement Project.

There are two contracts for consideration funded with ARRA funds. Eric Wier reported on the Hemmingsen Construction contract for the Fifth Street (A Street to Wendell) Project. \$108,000 in ARRA funding was provided for this project. Hemmingsen Construction bid \$76,750 for this project and they were the low bidder. The H Street (Front to 11th) Project will place 34 access ramps and sidewalk rehabilitation and 1500 feet of sidewalk will be constructed. Five bids were received with Danco being the low bidder at \$130,949. Staff would like approval to authorize the City Manager to sign the contact with change orders as is policy. Council Member Westfall asked about the 9th Street project change orders and wanted to know if the City used any change orders on that project. Staff indicated there was one change order and because it was a substantial one, but within budget, it was approved by the Council. Staff pointed out that ARRA funds prohibit the scope of work from being changed, but costs can be changed.

On a motion by Council Member Burns, seconded by Council Member Slert and carried on a 5-0 polled vote, the City Council of the City of Crescent City approved the Award of contracts for the American Recovery and Reinvestment Act (ARRA) 5th Street and sidewalk projects to Hemmingsen Construction, with change orders authorized up to the amount of available ARRA funding.

On a motion by Council Members Slert, seconded by Council Members Burns and carried on a 5-0 polled vote, the City Council of the City of Crescent City approved the award of a contract to Danco Builders Northwest for the H Street Pedestrian Access Ramp Improvement Project, with change orders authorized up to the amount of available ARRA funds.

13. Review and approval of Wastewater Treatment Plant upgrade project Change Order #13. (Jim Barnts)

Discussion was held regarding Change Order #13 as presented by Public Works Director Jim Barnts. He remembers looking at all the streets six years ago and being horrified at their condition. He is pleased with their current condition and the Del Norte Local Transportation Commission and Tamera Leighton have been good to work with. There are four items in the change order amounting to \$57,000, which will upgrade of operations building, HVAC system and handrails. These are safety issues. The engineer is going to look at the dampers and staff will have a discussion with them regarding that item. Mayor Schellong asked about having workshops at the old Wastewater Treatment Facility. Staff indicated that the building is old and the heating is not in very good condition. The new building would have new heating and air conditioning, new restrooms, paint, etc to make it a functioning space. Council Member Slert commented this is important and he spoke to staff regarding the facility. This will be the best public meeting space in the City and the County; it is the lowest cost per square footage, at

nearly 1,000 square feet. 50-60 people could be housed there for workshops, etc. Council Member Westfall passed around a memo by Frank Dickey, of Frank Dickey Construction, whom she asked if there was justification for the change order. Mr. Dickey, according to Ms. Westfall, indicated that there was not justification, they should have left the HVAC there and expressed concerns about who would want to have a meeting there. Council Member Slert explained the code requirements regarding the meeting space.

On a motion by Council Member Slert, seconded by Council Member Burns and carried on a four-fifths polled vote, with Council Member Westfall voting no, the City Council of the City of Crescent City approved the Wastewater Treatment Plant upgrade project Change Order #13 as presented.

Council expressed hope that the fire damper is reimbursed by the project engineer.

14. Consideration of a three-year extension to the Memorandum of Understanding between the City of Crescent City and the Tri-Agency Economic Development Authority. (Rod Butler)

Mayor Schellong indicated that the previous Memorandum of Understanding has been for two years. A new Memorandum has been requested and is on this agenda. Mayor Schellong stressed the fact that if the budget issues are not resolved the agreement would not be fulfilled. City Manager Rod Butler presented the three-year extension to the Memorandum of Understanding between the City and Tri-Agency EDA. At this time the County provides \$57,500 per year; the City \$30,000; and the Harbor \$5,000. Staff would like to have direction for the Budget Workshop. Council Member Burns indicated if the November election proves negative that this matter be revisited. An escape clause has been included in the Memorandum of Understanding according to staff. The typo from the original agreement attachment (four years ago) will be corrected (“City of Del Norte”). Council Member Westfall asked about providing business recruitment efforts and wanted to know how that was working. Tri-Agency’s Executive Director Bill Renfroe indicated that the new 2010-2011 Work Plan has been approved just last month and that work will be included new this year. The microenterprise loan program has awarded five loans, so far, adding three new and two retained businesses. Ms. Westfall asked about the high growth and retaining industry clusters and how this going. Mr. Renfroe indicated this was worked on prior to his coming on board with Tri-Agency, he is currently working of expanding the seafood processing in the Harbor, which would create about 30-45 full time equivalents (could be more than that if the jobs are part-time). Council Member Westfall asked what industries are contracting and how many jobs we have lost. Mr. Renfroe indicated that the timber industry had contracted and Mayor Schellong pointed out several years ago we have 52 mills and now we have one. Council Member Slert asked about a couple of other microenterprise loans pending. There are two pending loans, which will allocate the last of the funds to be loaned out under the current funding. Other funds will be applied for, according to Mr. Renfroe. Mayor Schellong indicated that Tri-Agency was created in 1976, by James Hooper a local attorney, as a way to help the Harbor. The most recent thrust is to work with the Harbor, the airport, Wastewater Treatment Plant upgrades, Highway 199/197, broadband, and moving the community forward and promote economic development (HAS199.com). The Tri-Agency recently directed Mr. Renfroe to retain local businesses and to work to retain and keep the employees employed. The microenterprise loans are working and Mr.

Renfroe is on the right track. Tri-Agency is a very important piece of what Crescent City does. City Attorney Black commented on the cancellation provision and expressed, for the record, under certain circumstances the City may have to cancel the contract, if that is their belief. The effective date reads that the Memorandum of Understanding will become effect on the date signed by both parties. It also notes the manner in which the cancellation will occur.

The following citizens made comments: Mr. Cole asked about broadband service and wanted to know how he could get it. Mr. Cole was informed that the Tri-Agency is working to get broadband at this time. Tim Hoone, Workforce Center, commented he was happy to see that this was on the agenda. It takes a professional and he feels Mr. Renfroe is great to work with; he is an economic development specialist. Council Member Slert state this is about commitment and it is helping to move the community forward.

Council Member Westfall left the meeting at 8:50 p.m. and returned at 8:51 p.m.

On a motion by Council Member Burns, seconded by Council Member Slert and carried on a 5-0 polled vote, the City Council of the City of Crescent City approved the three-year extension to the Memorandum of Understanding between the City of Crescent City and the Tri-Agency Economic Development Authority is the amount of \$30,000 each year.

15. Receive certification by the County Clerk and City Clerk of the results of the petition filed pertaining to the use of fluoride in City's municipal water supply and take related action pursuant to California Elections Code 9215. Take action to place initiative ordinance on the November 2, 2010 municipal election ballot. (Rod Butler)

Council Member Burns left the dais at 8:53 p.m.

Mayor Schellong asked about intent to recall, the opportunity to respond, and if the response printed on the ballot. Attorney Black indicated only the petition is printed on the ballot, rebuttals are in the voter pamphlet. The Mayor wanted to know in relationship to this can there be the opportunity to put a pro argument in the ballot pamphlet. Attorney Black indicated the County Clerk will put out a public notice for pro-con arguments to be submitted with rebuttals that go into the pamphlet.

Council Member Burns returned to the dais at 8:56 p.m.

The following citizens made comments: Bill Renfroe commented, as a consumer living in the County, that the measure is overly broad and prohibits "any product any...". This wording would most likely prohibit chlorine also; perhaps it could be narrowed down to that specific chemical objected to by Ms. Kelly was prohibited. Chris Howard stated he was hoping that this particular measure would not make it on the ballot. The California Endowment is really looking to help those people with tooth decay within and outside of our City. He hopes any annexation would make a larger voting population. Deborah Cole commented there are people who do not have cavities without fluoride in their water. She does not feel that having the extra poisons in the water is a bad decision on their part. Mayor Schellong asked about safe drinking water and how Ms. Cole would suggest it be handled to meet the drinking water standards. Mr. Cole indicated that ozone

or UV lights would work; however, this would be at a much larger cost. Staff indicated the State requires a testable residual and the current City system pumps, 2,000,000 gallons of water a day through the city water plant. UV lights give out residual and by law it is required that we have a residual in the water. The water pipes of the City water system is very reliable, there are few leaks. Discussion was held regarding the difference between the petition language and the wording discussed and presented in the agenda materials. Council Members wanted to know how they could certify the wording that is so off from the petition. Attorney Black indicated that the notice of intent that was given and an Ordinance was attached. The City did not approve the petition prior to it being circulated. Council Members expressed concern that the language of the ordinance should be in front of them and what is written in the petition is what is written and presented in the ordinance. Attorney Black did not know what the deadline was for the certification. The matter was tabled for a few minutes to allow the attorney to review the law. Attorney Black brought back the petition that was circulated from the County Clerk who was listening to the meeting on the audio broadcast and she provided copies to the attorney minus the signatures. The last two sentences were read by Mr. Black. Tonight is functionally a deadline; however, it has to be adopted within ten days of the certification, or at the meeting that it is certified or placed on the ballot, if the council does not wish to adopt it now. By June 24, 2010 the County Clerk needs to know if there is any legal action. If not adopted, the Ordinance needs to go on the ballot. The Council questioned if the published notice and the petition were not be the same. City Attorney Black will research the answer to that question.

On a motion by Council Member Burns, seconded by Council Member Westfall and carried on a four-fifths polled vote, with Council Member Murray voting no, the City Council of the City of Crescent City certified petition and placing the initiative ordinance on the November 2, 2010 municipal election ballot.

16. A. Adoption of Other Post Employment Benefits (OPEB) plan and trust, appointment of a plan and trust administrator, authorization of an administrative services agreement and authorization of the 2009-10 OPEB contribution to cover the Annual Required Contribution (ARC) and trust administration fees. Consider and adopt **Resolution No. 2010-07**, entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY, CALIFORNIA DETERMINING THAT IT IS IN THE BEST INTEREST OF THE CITY OF CRESCENT CITY TO PARTICIPATE IN THE PARS PUBLIC AGENCIES POST-RETIREMENT HEALTH CARE PLAN TRUST AND APPOINTING THE CITY MANAGER AS THE CITY'S PLAN ADMINISTRATOR FOR THE PROGRAM. (Ken McDonald)

Finance Director Ken McDonald presented Resolution No 2010-07 and requested its adoption for Post Employment Benefit Plan and Trust. Mayor Schellong gave an outline of the program requirements and the required set aside of post retirement benefits. Mr. McDonald indicated that this particular program is for health benefits only and does not include elected officials. Discussion was held regarding the benefits paid to former elected officials of the City and the laws passed that curtailed that program. The City has been paying "as you go" and now the future costs have to be saved and set aside using actuarial formulas. Staff reviewed PERS (California only) and PARS (nationwide nonprofit 90-day cancellation). According to staff PARS allows better benefit choices.

Retirement benefits will be paid until age 65 and when the former employee reaches 65+ then the benefits are stopped and the employee would need supplemental insurance. Mayor Schellong asked what staff knows about PARS. They have been around 25 years and are more responsive than PERS in communicating. A plan needs to be in place by June 30th or there needs to be a disclosure listed in the City's financial statements. Staff recommends the Council go with PARS. The only negative was that some cities don't want to stick their neck out regarding investment performance. The trust is the administrator and they hire Union Bank as an investment advisor who manages them. Mr. McDonald feels that there is much more flexibility over the funds and direct one-on-one response. This will need to be watched closely. Council Member Westfall thanked staff to all their research and for choosing a responsive organization. The City Manager indicated that PARS is not a "fly by night" organization and they seem to be growing with retirement enhancement products. A cost savings alternative for part-time employees, rather than social security, will be coming back to the council at a later date.

On a motion by Council Member Burns, seconded by Council Member Murray and carried on a 5-0 unanimous polled vote, the City Council of the City of Crescent City adopted **Resolution No. 2010-07**, entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY, CALIFORNIA DETERMINING THAT IT IS IN THE BEST INTEREST OF THE CITY OF CRESCENT CITY TO PARTICIPATE IN THE PARS PUBLIC AGENCIES POST-RETIREMENT HEALTH CARE PLAN TRUST AND APPOINTING THE CITY MANAGER AS THE CITY'S PLAN ADMINISTRATOR FOR THE PROGRAM.

B. Adoption of Other Post Employment Benefits (OPEB) plan and trust investment strategy selection. (Ken McDonald)

Finance Director Ken McDonald presented the four different risk strategies, leaning towards moderately aggressive and highmark investments. The risk with each of the investment strategies is different with each of the four categories. The investment advisor makes the changes to the plan. The City Manager would have the authority to make changes on the City's behalf with input from staff according to the plan. Mayor Schellong wanted to know if there were other choices with other companies, or if others were to give advice regarding these investments. Staff would like to go fairly aggressive in the beginning to grow the funds to defray some of the cost of the expenditures and the fund management. Council Members asked if the reason for the growth is to cover the losses due to market fluctuation. Investment revenues will allow the City to contribute less in future years. Council Members expressed their concern regarding investing more aggressively and leaned toward more conservative investment. The City Manager indicated that there could be the Finance Director, the Council, or outside financial managers to help with the investment strategy. The Mayor expressed willingness to have the City Manager, Finance Director/Treasurer, and an investment person in the community make decisions regarding the investments. City Attorney Black suggested that the Council not make the investment decision, but that they give direction to staff to do the work.

On a motion by Council Member Murray, seconded by Council Member Burns and carried on a polled vote, the City Council of the City of Crescent City adopted the Other Post Employment Benefits (OPEB) plan and trust investment strategy selection of conservative highmark investment and that staff report out in a month or two.

17. Discuss and give direction to staff regarding possible revision of the Municipal Code pertaining to Mobile Vending: Chapter 5.44. (Donna Westfall)

Susan Williamson of Silly Susie's was present at the meeting. Staff felt that this situation could be dealt with by staff and without a revision of the Mobile Vending Ordinance due to the ability to amend the use permit that Ms. Williamson is operating under. Staff would like to have direction from the Council as to what they would like to see happen. Council Member Murray indicated that the Planning Commission did work hard to allow Ms. Williamson to get her business going. There appeared to be some boundaries that were over stepped and she feels that the Commission could deal with the issue. Mayor Schellong spoke to the City Police Chief and the Officer who cited Ms. Williamson, both who indicated that the officer spoke to Ms. Williamson after receiving complaints. There are issues with the School District and working with the parties involved would resolve this issue without an ordinance revamp. Associate Planner Eric Taylor indicated the initial use permit was issued in 2006. The Planning Commission could revise the use permit upon the request of the business owner. R2 zones include schools and this particular business is prohibited in R2 zones, which could be amended by an amended use permit. Ms. Williamson's business was compared to Schwann's sales to the purposes of this discussion. Staff will go back and check the use permit against the Schwann's use permit. Council Member Burns wanted to make sure that Ms. Williamson visited with City staff and to get her amended use permit request on the next Planning Commission agenda. Ms. Williamson indicated she was in contact with a woman, whom she thought was the City Manager, and she was supposed to get a copy of something via e-mail, which she lost. Ms. Williamson was asked to go talk to Associate Planner Eric Taylor regarding the issue and it would be added to the May or June agenda for the Planning Commission.

The following citizens made comments: Mr. Cole indicated that Ms. Williamson is a small business owner and widow, who is raising her grandkids; she is a community booster supporting music and other trips for children. Jackie Zlokovich stated that Ms. Williamson cleans up the trash and has worked with the school personnel and she has worked with the Soccer Association and asked that Silly Susie's be given consideration. Ms. Williamson thanked the Council for hearing her and for all the good work they do. She said she was asked to park at the school and had pledged \$5.00 a day for the musical instruments from her daily profits. She has picked up trash for 20 minutes a day, which totals 46 hours of trash pick-up this year alone. She uses funds from the truck and recycling to support children, children's programs and other community events.

18. Select a date and time for a City Council workshop regarding changes to the City's General Plan and Urban Growth Boundary. (Rod Butler)

Municipal Urban Boundaries and Sphere of Influence were discussed and especially the urban growth boundary. The Del Norte Local Agency Formation Commission staff member George Williamson would like to hold a workshop with the Council to discuss the urban boundaries and amending them to reflect the Sphere of Influence. The urban growth boundary would make the boundaries the same at the sphere of influence for planning purposes. The Local Agency Formation Commission would process the request; however, the City would need to approve the changes under the zoning

amendments. The workshop was tentatively set for June 28th at 5:00 p.m. in Board of Supervisors Chambers.

CITY COUNCIL ITEMS

- **Legislative Matters** – Mayor Schellong stated over 1,000,000 signatures were received for the local revenue protection by the California League of Cities.

- **Reports, Concerns, Referrals, Council travel and training reports** – Council Member Burns invited everyone to attend the May 13th dedication of the mural on 9th Street and gave a mural maps to the Council. He showed a book that has been published by Kevin Bruce “*Large Art in Small Places*” which features several of the local murals and those throughout the state. Council Member Slert mentioned Buck Pierce and the Toronto Sports Network were here recently documenting the area, this exposure in the Toronto area will be great and we could not afford to buy it. Mr. Pierce has been an exceptional citizen; we should have a “Buck Piece Appreciation Day.” Council Member Slert also joined the Border Coast Airport Joint Powers Authority signing this weekend when Curry County signed on. He mentioned that Tri-Agency met last week. He feels the City has been had by the replacement trees at the courthouse; it is sad and pathetic as they are not heritage trees. Council Member Murray spoke regarding the Chamber of Commerce Board and the Young’s (Glen’s Bakery) being the 4th of July Grand Marshals. She attended the last community concert last week where the Hunt Family was playing; the youngest is 12 years old and the family loved the area. It was a great concert. She attended the Thompson events over the weekend, which was well attended. Mayor Schellong reported that the theme for this year’s 4th of July celebration will be “Pride in our City by the Sea”. The California Coastal Commission agenda in May will include the airport renovation. The revamped plans will be less user friendly than the Authority would have liked due to the appeal by the Friends of Del Norte and the Commission itself. It will also cost more money for this latest proposal. She attended a meeting with Mr. Slert and Elk Valley Rancheria to discuss utilities, update of financing and strategies for moving forward. She spent a few hours each day with Buck Pierce while he was here, which was pretty amazing. She attended Representative Mike Thompson’s forums, Airport Authority signing with Curry County, which Assemblyman Wes Chesbro attended. Legislation is moving forward to add Smith River Rancheria to the Joint Powers Authority for the airport. She wanted to mention that today and tomorrow are the Marine Life Protection Act meetings at Elk Valley Rancheria and opportunities for input still exist. She is on the ad hoc committee for the Solid Waste franchise bids; she appreciates the process and has learned a lot. The Cultural Center fees will be discussed at the next meeting agenda as well as a wrap up from the last Town Hall meeting. The Nature and Bird Festival will be this weekend with a regional dinner Saturday and a keynote speaker on Friday. Next Monday a Budget meeting will be held at 5:00 at the I Street Crescent City Fire Hall.

- **City Manager Directives - None**

ADJOURNMENT

Adjourn the meeting to the regularly scheduled meeting on Monday, May 17, 2010 at 5:00 p.m.

There being no further business to come before the Council, Mayor Schellong adjourned the meeting at 10:27 p.m. to the next regularly scheduled meeting on Monday, May 17, 2010 at 6:00 p.m.

ATTEST:

By: Karen Phillips, Deputy City Clerk
for Rod B. Butler City Clerk



MINUTES
Crescent City Redevelopment Agency
REGULAR MEETING
MAY 3, 2010 AT 6:00 P.M.
FLYNN CENTER, 981 H STREET, CRESCENT CITY, CA 95531

Call to Order Mayor Schellong called the meeting to order at 6:18 p.m.

Roll Call Council Members Burns, Slert, Murray, Westfall and Mayor Schellong

COMMUNICATIONS

- { ***PUBLIC COMMENT PERIOD*** – The following citizens made comments: Richard Miles, city resident, stated if the City does anything in Redevelopment Districts 1 or 2 (RDA1 and RDA2), that a citizens advisory group needs to be formed of folks who live in the two districts. Eileen Cooper, County resident, commented regarding the redevelopment monies, indicating they are little enough to deal with the immense development issues we have to deal with.

CONSENT CALENDAR

1. Approval of the regular meeting minutes of April 19, 2010 of the Crescent City Redevelopment Agency.
2. Approve warrant claims list of April 20, 2010 to May 3, 2010.

On a motion by Council Member Burns, seconded by Council Member Slert and unanimously carried 5-0, the Redevelopment Agency of the City of Crescent City approved and adopted the consent calendar as amended, consisting of items 1 – 2.

EXECUTIVE DIRECTOR'S REPORT – None

BUSINESS ITEMS –

3. Provide direction to staff regarding the potential contribution of Redevelopment Agency Project Area #2 funds to the Crescent City/Del Norte County Chamber of Commerce Visitors Bureau for tourism marketing during Fiscal Year 2010-2011.

Discussion was held regarding the tourism advertising funds and the Mayor's appointment of an ad hoc committee consisting of Council Members Burns and Slert, City Manager Butler to work with the Chamber of Commerce and the Visitor's Bureau on the use of the Area 2 funds. City Manager Rod Butler presented the idea of using the funds which was discussed at the ad hoc committee. This matter is being brought to the Council by the City Manager and not the committee itself. Mr. Butler stated the 2006-2007 contribution of \$100,000 of General Fund dollars was given to the Visitor's Bureau followed up by \$100,000 of General Fund monies in 2009-2010. Two meetings of the ad hoc committee have been held to date and discussions have been held regarding what is the best long term funding, how is success measured, how will private business be able to participate and how to best coordinate resources. He encouraged the Council to look at the support materials that he finds very interesting including marketing plan from Visitor's Bureau, the Transient Occupancy Tax (TOT) history, etc. One discussion gave

the Manager a chance to research that would balance the marketing and support the City's general fund budget; the use of redevelopment dollars for marketing by other cities and the possibility of doing the same here to stimulate economic development within the RDA district. This could be accomplished with television ads, marketing or other advertising to market tourism targeted within the Redevelopment Agency (RDA) districts. Iris Yang and City Attorney Robert Black both reviewed the program. Such a marketing plan would require some provisions to uphold and target specific RDA areas. A specific clearly defined Memorandum of Understanding to outline the conditions, timeline, businesses in the marketing area, etc., would need to be developed in order to use the City funds for this purpose. The committee also discussed guaranteeing that the Visitor's Bureau is making a good faith effort to get private dollars from the rest of the community. Council Members asked if there would there be a formula attached to this request in order to get public contributions. Staff indicated that if the City used results based on a large TOT increase the Visitor's Bureau would get a percentage over and above a certain amount as an incentive if listed in a Memorandum of Understanding. Council asked if the Visitor's Bureau felt comfortable with the restrictions that would need to be in place and asked if there could be a multiple year commitment to allow the Bureau to stage a successful marketing campaign. A three year term was suggested by the City Manager, keeping in mind that the City's budget is being worked out and he is uneasy about making multi-year commitments at this time; however, a letter of commitment could be written with an escape clause. One of the goals of the discussion tonight is for the Bureau and staff to go back with some direction so they can plug in numbers for the budget discussion next week. Council Member Slert asked how much money is in RDA 2 fund; Staff knows how much is generated; however, how much the City is able to spend is not certain at this time. Council Member Slert asked if some of the question has to do with the TOT amounts. Mr. Butler replied that the RDA Budget Workshops have not been held yet and there has been no plan to spend the funds or proposals presented after hearing from the public regarding expending the funds. Once we know (by the end of the year) how much to bond for, and the revenue stream, we will know how much will be left to use, if the Council approves the recommended use of the funds. Staff wants the Council to make informed decisions regarding the use of the revenues, but not all the information is ready yet to do that. Council Member Murray appreciated the creative thinking, but she is interested in why there is no report from the ad hoc committee in the agenda to better understand the whole picture. Mayor Schellong indicated that the City Manger has included summary of the ad hoc discussions in his report. Council Member Slert offered that the characterization is accurate from the ad hoc meetings perspective. Council Member Burns asked what percentage of motel/hotels fall in RDA 2. Staff indicated roughly 70-80%. Discussion was held regarding Tri-Agency Economic Development Authority being set up to grow new businesses and the Visitor's Bureau advertising for established members and the differences. Council Member Slert stated the Visitor Bureau's prime goal is to attract visitors to our area. Chris Howard, Chairman of the Bureau, spoke, regarding their concern of not necessarily how the funding comes to them, but how they are sourced. The most important piece in this discussion is that the ad hoc committee was established and did meet. At the second meeting on February 2, the committee did come up with a strategy and did have a recommendation with the "Butler Plan", which did not consider RDA funding. In addition, the strategy did include a three year memorandum of understanding, including a good-faith effort of going out and getting private dollars each year. The last performance

standard was discussed in case revenues were achieved the Visitor's Bureau would receive some portion of those extra revenues. A long-term commitment to support marketing is a concern. Council Member Burns made a comment regarding the General Fund making payment to the Visitor's Bureau to which the City Manager indicated that there were no additional General Funds, whatever came from the City would be from the reserves. Mayor Schellong stated she has been a huge supporter of the Visitor's Bureau in the past, but not so much anymore. The City is facing huge liabilities with lawsuits, the budget, and the Sewer Rate Rollback Initiative, all of which will severely affect the General Fund. Council Member Westfall asked if the Sewer Rate Rollback Initiative were to go into effect, what would happen to the Visitor's Bureau. Mr. Howard replied they could not maintain the Bureau without the City's support. He thinks that the option the City Manager gave is a viable option for consideration and to help the Visitor's Bureau raise funds from the private sector as it has long-term guarantees.

The following citizens made comments: Richard Miles spoke about not being opposed to giving funds to the Chamber of Commerce. He thinks the City should have the right to audit the Bureau since they give funds to them. Eileen Cooper, County resident, commented that this town is not overflowing in money; our funds are scarce and we need to use them wisely. She feels RDA funds could technically be allowed as recommended, but it is not the best use of the funds based on how our town looks. Mayor Schellong indicated "The poor looking places begin in our own backyards." Tim Hoone, County resident, commented this is a great topic and one with great solutions to discuss. Hospitality 101 will spend \$500,000 in the next few months training employees at local businesses by providing information, maps, educational classes, etc. He stated he wished he had thought of the idea recommended by the City Manager. Eldon Buehler, City resident, stated he has meet with several entertainers recently and they feel this is a great area. Council Member Slert noted the Visitor's Bureau is doing an admirable job and he appreciated staff's approach to creative thinking. The important information is that this is about sustainable funding for the Visitor's Bureau; the General Fund is severely taxed and the TOT has seen a steady increase for several years. Tourism is effective and it is happening; increasing 50 fold from \$20,000 annually to just short of \$1 million annually. This is the economic engine and if we cannot sustain it the City will not be sustained; one feeds on the other. It is a challenge for Visitor's Bureau to go out a raise private sector funds. Eureka has put 80% of their funds back into tourism marketing. The Visitor's Bureau has a specific marketing plan and they are moving forward. There was a nice ad with Mendocino and Morro Bay and on the website, which is up 100 to 200% event in these recessionary times. He thinks that the City should step up to the plate and sustain the Visitor's Bureau with a Memorandum of Understanding to be supported as best they can, based on the economics of RDA 2 and the General Fund. Mayor Schellong expressed concern that the Council knows where the funds are coming from to support this; she would like to have the complete picture. The Town Hall meeting outlined and prioritized work to the downtown area and she does not feel that this would be smart to use the funds, as recommended, without knowing the complete picture. Council Member Murray asked when the balance of the funds would be known and how much. City Manager Butler noted that it would be sometime this summer as the auditors will take on the TOT; not later than August. Ms. Murray believes the same as Council Member Slert, in that she feels that others are aggressively marketing their community and the TOT shows that we have increased our General Fund. She wants to see staff directed to find

out how much money is available and put together a plan for the Visitor's Bureau. Butler Proposal Option B without # 3. Council Member Slert asked if there was a drop dead date prior to the end of the fiscal year, to which, Mr. Howard indicated that the Bureau will be out of business if there is no commitment from the City. Council Member Murray wants \$100,000 for the first year and then a percentage from there on out. Council Member Westfall indicated the City has not lost faith in the Visitor's Bureau, but need to maintain a strict budget. Council Member Burns indicated the private industry is giving 1% of the funding to the Visitor's Bureau and Mayor Schellong stated the Visitor's Bureau has not used all of the monies given it for advertising.

A motion by Director Member Slert, seconded by Director Member Murray to direct staff to find \$1000, 000 contribution for Visitor's Bureau for FY 10-11 (one year commitment with possibility of two additional years depending on outcome of financial audits) and accounting for RDA 2 funds, died on a 3-2 vote, with Council Members Westfall, Burns and Schellong voting no.

The Council indicated their desire to take a look at this after the budget workshops.

PUBLIC HEARING – None

REDEVELOPMENT AGENCY ITEMS – None

ADJOURNMENT

Adjourn the meeting until the next regularly scheduled meeting of June 21, 2010 at 6:00 p.m.

There being no further business to come before the Redevelopment Agency, Mayor Schellong adjourned the meeting at 7:29 p.m. and immediately convened as the City Council.

ATTEST:

By: Karen Phillips for Robin Patch, Deputy City Clerk
for Rod B. Butler City Clerk