



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

City of Crescent City

Monday August 17, 2009 5:00 p.m.

NOTE: THE CLOSED SESSION BEGINS AT 5:00 P.M., FOLLOWED BY THE OPEN SESSION MEETING AT 6:00 P.M.

Call to Order Mayor Schellong called the meeting to order in open session at 5:00 p.m.

Roll Call **Council members present:** Charles Slert, Kathryn Murray, Dennis Burns, Donna Westfall and Mayor Kelly Schellong
Council members absent: None
Others present: City Manager Rod Butler, City Attorney Robert Black, Acting Deputy City Clerk Linda Jangala, Public Works Director Jim Barnts, Planning Director and Economic Development Specialist Michele Rambo

Pledge of Allegiance Council Member Burns

PUBLIC COMMENT ON CLOSED SESSION ITEMS

1. CLOSED SESSION

- Existing Litigation (Gov't Code § 54956.9 subdivision (a)) (Four cases: Sanches versus City of Crescent City, USDC CV08-1395; 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; Brian Strom vs. City of Crescent City, USDC Case #CV08-4708
- Conference with Labor Negotiator Re: Crescent City Police Officers Association (CCPOA) (Gov't Code § 54956.8)
- Conference with legal counsel, significant exposure to litigation (Gov't Code § 54956.9(b)) – one case

A closed session was held from 5:00 p.m. to 6:00 p.m. Mayor Kelly Schellong announced that no actions were taken during closed session; however they will resume closed session after the meeting tonight.

ACKNOWLEDGEMENTS

Mayor Schellong asked for a moment of silence to honor two gentlemen from Crescent City that recently passed away - Mr. Timmer and Mr. John Vickers. Mr. Vickers was an avid fan of Crescent City. He came to our City Council meetings quite often, and most recently Mayor Schellong saw him picking up garbage at Shoreline RV Park on his own time. Unfortunately they were both involved in fatal car accidents.

The city will be acknowledging Mr. Peepe, who was a mayor for Crescent City in the 60's, and who recently passed away. The city is taking more time to put together a tribute to give the family time to grieve.

CONSENT CALENDAR

2. Approval of the regular minutes of August 3, 2009 Crescent City Council meeting.
3. Approval of warrant claims list for the period August 4 through August 17, 2009.
4. Approval of biweekly payroll reports for the period ending August 1, 2009, paid August 7, 2009.

On a motion by Council Member Slert, seconded by Council Member Burns, carried on a unanimously vote, the City Council of Crescent City approved and adopted the consent calendar, consisting of items 2-4, as presented.

ADJOURN TO HOUSING AUTHORITY

At 6:11 p.m., Mayor Schellong adjourned to the regular Housing Authority meeting and resumed as the regular City Council meeting at 6:14 p.m.

ADJOURN TO CRESCENT CITY REDEVELOPMENT AGENCY

At 6:14 p.m., Mayor Schellong adjourned to the regular Crescent City Redevelopment Agency meeting and resumed as the regular City Council meeting at 6:15 p.m.

PUBLIC HEARINGS

Mayor Schellong introduced our guest Charlaïne Mazzei, contract grant consultant, retained to help with the city's grants and turned the introduction over to Rod Butler.

Rod Butler thanked the Council for the flexibility they have given him to strategically use some consulting skills from outside professionals; i.e., PMC doing the Housing Element, Mike Young doing some utilities work in the service areas, and Charlaïne Mazzei working on the CDBG program.

7. Conduct a public hearing to discuss FY 2008-2009 accomplishments and closeout of the City of Crescent City's Community Development Block Grant Program 2005 General Allocation Grant and 2006 Economic Development Grant and solicit citizen input. After considering public comments, authorize the City Manager to sign the grant reports.

Charlaïne Mazzei informed the Council of a minor correction to Item #7, the grant will not be closed out at this time and #8, the grant will be closed out at this time.

Ms. Mazzei explained the first public hearing is for reviewing the performance of the two open grants during 2008-2009 and receiving any public comments as required. As requested by Mayor Schellong, Ms. Mazzei gave an explanation of the grants.

There are two grants, the first is a multi-year grant initially awarded in 2005 with a three year allocation, which funded partially the WWTP upgrade, the CAN Food Bank, the CASA program for abused and neglected children, and some funding for the Senior Center Nutrition program. The majority of the public service programs were completed in the first year with the exception of CASA that was completed this past fiscal year. The two activities that are being reported on for this fiscal year are the final pieces of the WWTP grant and the funding that went to CASA for their activities.

Council Member Westfall asked the amount of the grant regarding the WWTP. Ms. Mazzei does not have the exact figure but it is somewhere between \$1 and \$2 million. Council Member Westfall asked if there is going to be another grant allocation for the WWTP. The city has applied for additional funding as part of the recovery act and have not heard back yet. Council Member Westfall asked Ms. Mazzei how much has been applied for and Ms. Mazzei did not have that figure available here. Council Member Westfall asked Ms. Mazzei if there was any oversight of these grants.

Ms. Mazzei asked clarification.

Council Member Westfall asked if anybody is looking over their shoulder, do you just give money and say here good luck or do you have somebody come and check things out? Ms. Mazzei informed Council Member Westfall that there are several layers of oversight. The city is responsible for overseeing the grants and they work with the sub-recipients with such tools as auditing their books, quarterly reports are submitted to the city, there are internal controls, etc. The second layer is the state and their requirements and finally the federal government monitors the state.

Council Member Westfall asked what happens if the city falls short on their oversight. Ms. Mazzei indicated that if the city is delinquent in the reporting requirements, they would receive a letter from the state stating the city cannot apply for any more money. The city would then have to fix whatever problems the state had found and move forward from there.

Mayor Schellong asked Council Member Westfall if she had any specific questions on this particular grant because she would be more than happy to have the City Manager schedule some education time for her on the grant process. Ms. Mazzei informed the Council she has talked with the City Manager about scheduling sometime with the Council to talk about CDBG.

Mayor Schellong opened and closed the public hearing with no comment.

Council Member Burns made a motion to authorize the City Manager to sign the grant reports for the FY 2008-2009 Crescent City's Community Development Block Grant 2005 General Allocation grant and 2006 Economic Development Grant; the motion was seconded by Council Member Murray.

Council Member Slert feels the city clearly has adequate checks and balance systems in place, though he would be happy to consider the idea of having the various entities receiving the grants come to the Council quarterly to provide a person to person update including achievements. Mayor Schellong agrees and actually the city has done this in the past.

Council Member Westfall abstained and motion carried with a 4-0 vote.

8. Conduct a public hearing relating to the City's Community Development Block Grant (CDBG) 07-PTAE-3259 Economic Development Planning and Technical Assistance grant.

Ms. Mazzei related this was a partnership between the city and the county. All the funding came from the city and the county has accepted the final project of a retail marketing study done by Buxton. When closing out a planning and technical assistance grant, the final project is generally a report of some kind and the requirement is for the Council to accept that.

Council Member Murray commented on her disappointment in the report and the general consensus of the Council is in agreement.

Mayor Schellong opened and closed the public hearing with no comment.

Council Member Burns made a motion to accept the CDBG grant 07-PTAE-3259 Economic Development Plan & Technical Assistant Grant otherwise known as the Buxton Report; the motion was seconded by Council Member Murray and so carried unanimously, 5-0.

9. Conduct a public hearing to discuss the FY 2009-2010 Community Development Block Grant (CDBG) Economic Development Enterprise Fund Allocation application and solicit public input. After receiving public comment, take action to adopt Resolution No. 2009-31, entitled, A RESOLUTION APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE PLANNING TECHNICAL ASSISTANCE ALLOCATION OF THE STATE CDBG PROGRAM, or other action as necessary and appropriate.

Charlaine Mazzei reported to the Council that this one is the current year application for Economic Development funding. The CDBG program has several different components and Economic Development is one. This funding has been traditionally used to fund the North Coast Small Business Development Center's Micro Enterprise Assistance program, which helps small businesses. This includes helping people who are interested in starting a small business and people who have small businesses that are interested in improvement or expansion. They provide workshops, one on one counseling and provide a wide range of services through this funding and the Small Business Administration funding. They requested that we submit an application to continue their funding in the FY 09-10.

Mayor Schellong asked the question of Barbara Burke, SBDC, what would happen if the city submitted this grant application and was not successful. What happens to SBDC? Barbara Burke stated they probably be very worried and asked her colleague to address this question and introduced Janet Depace, Lead Business Advisor/Director of Del Norte Operations.

Ms. Depace explained this funding they use as matching funds, which means it would take away their federal matching funds as well. This means it is critical that they receive this funding.

Council Member Westfall asked who gets the \$18,750 slatted for grant administration.

Ms. Mazzei explained this goes to the city to use to pay for her services and any staff time spent administering the grant. Counsel Member Slert indicated that the SBDC is a critical piece in our community. He sees specifically what they do through the Tri Agencies, they have a direct dialogue with the businesses and they are very effective. He hopes we can make this happen.

Mayor Schellong opened the public hearing.

Jody Mangum, Crescent City, had thought the city lumped funding for the WWTP into a CDBG grant and because it wasn't eligible we didn't get the grant and the Boys and Girls Club lost out on the money. Mayor Schellong agreed we were unsuccessful this last grant period. The city missed this by a very small percentage. Jody Mangum said she really appreciates the questions that Donna has brought forward and she thinks oversight is one of the most important things that need to happen in our community on these large projects.

Ms. Mazzei clarified one point, it was not that the WWTP was not eligible it was that it was not competitive enough so we didn't earn enough points.

Mayor Schellong closed the public hearing.

Council Member Burns motioned to approve resolution approving an application for funding and the execution of a grant agreement and any amendments thereto from the planning technical assistance allocation of the state CDBG program; the motion was seconded by Council Member Murray. Motion amended to read to approve resolution approving an application for funding and the execution of a grant agreement and any amendments thereto from the Economic Development Enterprise Fund Allocation of the State Community Development Block Grant (CDBG) Program and authorizing the execution of a grant agreement and any amendments thereto with the State of California for the purposes of the grant. Motion carried by the following unanimous vote:

AYES:	Council Member Slert, Murray, Burns, Westfall, and Schellong
NOES:	None
ABSTAIN:	None
ABSENT:	None

REPORTS

Mayor Schellong asked Mr. Butler to introduce Mr. Dalldorf, California League of Cities. Mr. Butler commented on the excellent staff we have of the California League of Cities. One of the things that our membership fees buys us each year is the services of what is felt as the country's top staff in terms of lobbying, legislative relations, and relationships to the city informing them on what is going on budget wise and financially. We have currently, in the Redwood Empire Region, a gentleman named Charles "Chuck" Dalldorf. He has a great background in local government including nine years as Chief of Staff to the Mayor of

Sacramento. He is very knowledgeable in local government and how it relates to Sacramento. Mayor Schellong expressed her appreciation of the great job Mr. Dalldorf did of keeping the city informed during the time of uncertainty of what government funding the city would or would not receive.

Mr. Dalldorf gave the Council an update on current issues including the redevelopment money the state took during the budget process. Currently, the California Redevelopment Association in conjunction with other parties are looking to litigate that taking. They really believe it is unconstitutional. Mr. Dalldorf, responding to Mayor Schellong's question, explained the state has borrowed \$1.9 billion of property tax money, under an emergency condition, from local governments. The league is working to securitize that money. Essentially there is a joint powers agency put together by the league and the California Supervisors Association, and that entity will help securitize the money that local governments would be paid back for in three years.

In the last 30 days of the state legislators' meeting, it is hoped, legislators will allow the approval of the securitization of the Prop 1.8 borrowing, which will be very good for Crescent City, and secondarily and separately there will be this litigation issue, which hopefully will be resolved before the end of this session, on the redevelopment money. Mr. Dalldorf wanted to reiterate that the League is there to assist the city in anyway. They have a lot of resources and please contact them on any issues.

Mayor Schellong introduced Connie McDonald of the Promote our Pool (POP) Foundation. Mayor Schellong was honored to MC the event and asked her to come to tonight's meeting and tell the Council about this event. Ms. McDonald reported the POP fundraiser Sweets by the Sea raised \$13,000+. The community was extremely generous in helping out with donations for the auction items and the deserts from around the world. The turnout was great with about 130-140 people. Mayor Schellong praised Eric Wier on his presentation on the history of the pool and how we got to where we are today.

Mayor Schellong asked for any public comment and received none.

COMMUNICATIONS

Connie Morrison, Del Norte County, addressed an article she read in the newspaper mentioning another 81 units being built and she is concerned about more low income housing as this brings in Medicaid patients, which doctors don't like, and with the shortage of doctors in our area, this might create more of a doctor shortage.

Jody Magnum, Crescent City, commented on how great Ninth Street looks with the new curbs and the town looks sparkly and shiny. Many months ago the stop signs in front of the Hampton Inn were suppose to be taken out and wondering of that could be done. Also, concern about the lead content in our drinking water has almost doubled the public health code.

Mayor Schellong said Rod Butler would follow up on this.

CONTINUING BUSINESS

10. Consider, waive the second reading, read in title only and adopt Ordinance No. 741, entitled, AN ORDINANCE OF THE CITY OF CRESCENT CITY ADDING Section 1.20.060 TO CHAPTER 1.20 OF TITLE 1 ON THE CRESCENT CITY MUNICIPAL CODE TO AUTHORIZE CITY MANAGER TO ACT ON CLAIMS.

Robert Black reported that this has been on the agenda prior in April and it was discovered in reviewing the records that it was published incorrectly.

Mayor Schellong opened public comment.

Jody Magnum, Crescent City, asked if this ordinance has anything to do with the fact that the RJ Riccardi auditor had a problem with the city staff writing the checks and the same people signing them. Did we ever get anything back on the way checks are written?

Mayor Schellong explained that checks are written by our finance department and usually signed by Mr. Butler and her or Dennis Burns – two signatures are required on all checks. This ordinance addresses Mr. Butler’s authority to approve expenditures up to \$25,000. Previously he had authority to approve expenditures up to \$50,000 and this Council asked to have it reduced to \$25,000.

Robert Black added that this ordinance has to do with claims that are filed against the city only. Council Member Westfall asked how the Council would know what claims are paid. Mayor Schellong explained that Mr. Butler has been given direction to report to the Council any claims that are approved.

Mayor Schellong closed public comment.

Council Member Burns moved to adopt Ordinance No. 741 adding Section 1.20.060 to Chapter 1.20 of Title 1 of the Crescent City Municipal Code to authorize City Manager to act on claims; the motion was second by Council Member Slert and so carried by the following majority vote:

AYES:	Council Member Slert, Murray, Burns, Westfall, and Schellong
NOES:	None
ABSTAIN:	None
ABSENT:	None

NEW BUSINESS

11. Consider a request from Council Member Donna Westfall regarding Treatment Plan lab costs. Give direction to staff or take other action as necessary.

Mr. Butler stated the choice was made not to bring in other consultants or prepare a written staff report until it was known exactly the nature of the questions. Mr. Barnts is here and he has the option whether or not to address any of the questions once he hears the specifics. Mr. Butler would like to get some direction to staff from the Council as to whether or not a follow up written report is needed or follow up appearances by consultants or staff would be needed.

Council Member Westfall requested this agenda item to have a discussion on why the lab cost 2.5 million, questions on the bid and would like explanations on some of the design flaws including the cost and corrections of the light sensors which have duct tape over them, countertops that are scratched and cabinets and windows. She would like to start with the bid first asking if someone could tell her were in the contract it covers the 2.5 million dollar lab.

Mayor Schellong addressed the issue explaining she believes Council Member Westfall asked this question about two or three months ago and at that time Mayor Schellong sent Council Member Westfall documentation regarding the Schedule of Values that is held at City Hall for her to review as it documents every item bid.

Council Member Burns commented he feels if Council Member Westfall has any questions, she should always go through Rod Butler. These questions should not be addressed during council meeting time especially questions about items that are years old.

Council Member Westfall wanted it on record because there are a number of circumstances here that are not on the up and up.

Mayor Schellong asked Council Member Westfall what is not on the up and up.

Council Member Westfall responded with she would like to know where exactly in the bid the \$2.5 million lab is listed, what the subcontractors bid to do that portion of the lab, and who did the light sensors and why is there duct tape over that and how much it is costing us, if it is going to be corrected and if we are going to get a credit. Mayor Schellong asked if Council Member Westfall was able to take the direction she had giving her and go to city hall and pull the Schedule of Values and see the break down? Council Member Westfall responded with a no and stated the only Schedule of Values she was looking at that time was on the contaminated soil.

Council Member Westfall pointed out that she is also very confused about what is Phase I, what is Phase II and what is Phase III. What are we working on?

Mayor Schellong explained that Council Member Westfall has a copy of the bid document (contract) that breaks each major portion down by dollar figure. After the contract is accepted the contractor is required to go back and give a Schedule of Values for each individual piece of the project, which is what Mayor Schellong reviewed after Council Member Westfall questioned the lab and which is what she asked Council Member Westfall to review. Mayor Schellong directed Mr. Butler to have this available for Council Member Westfall tomorrow.

Council Member Slert offered to maybe add some clarification on this matter. As an architect he deals with this virtually daily. To him there is a general inference here by Council Member Westfall that there is some smoking gun regarding the city lab building. Again, there is a thorough checks and balance system in place. The city lab building is the first component of the WWTP project and with a project of this magnitude, there are start up costs that are usually put to the first component of the project. This is a general practice among contractors. The laboratory, by virtue of its complexities, increases the cost per square foot. Council Member Slert has walked through the building several times, documented with photos during construction

and has not see anything that indicates extravagance or in appropriation. Additionally, the lab has a 50-100 year life building.

Council Member Westfall stated she is also in construction and aware of a lot of these things as well. She is not ignorant of a lot of these things; however, she is probably most ignorant of how government works and particularly on oversight and when it doesn't work. When she sees that there are labor code violations and fraudulent certified payroll records – then we have a problem – so this is more than just a smoking gun. Council Member Westfall met with Jim Barnts back in May and he said to her that the lab could have been \$1 million less. Her constituents have come to her and said is it a \$600,000 building for \$2.5 million so we need to ask some questions.

Mayor Schellong asked Council Member Westfall if there was any documentation provided on how this was a \$600,000 building, with a negative response from Council Member Westfall. Mayor Schellong asked if someone could address why there is duct tape on one of the sensors.

Jim Barnts, Director of Public Works, indicated he did not know if there was duct tape on a light sensor, however, you would put duct tape on a sensor if you wanted the lights brighter. If the room is brighter a light sensor would bring the light down a bit and duct tape would bring it back up.

Mayor Schellong asked if Council Member Westfall asked the lab attendant, with the reply being yes, the lab technician stated the light sensors don't work and so they had to duct tape them. Council Member Westfall asked how much the light sensors cost and if there is going to be some kind of credit on this.

After a discussion which followed on countertops, cabinets, etc., Mayor Schellong directed Jim Barnts to provide the answers on this and other questions Council Member Westfall has.

Council Member Westfall asked if Mr. Barnts is getting any kickbacks from any of the subs. Council Member Burns stated that is inappropriate and way out of line. Council Member Westfall asked Council Member Burns the same question with him replying with the same answer that she is way out of line and way off base.

Council Member Slert offered that he shares his colleague's interest and concerns about protecting and looking out for the interests of our city and our citizens, and he does not think there is anyone on this diocese that doesn't share that same feeling and attitude. If particular questions or issues are raised by this diocese, it is our obligation to do our homework and get the facts instead of opening up a Pandora's Box at a Council meeting.

Council Member Westfall finds it interesting that she is the only person who asks why the price changed from \$19.6 million to \$42.5 million. Mayor Schellong responds that Westfall is not the only person. The Council has been involved in this project for years and all those questions have been answered and answers have been provided to Council Member Westfall several times including paying consultants to come in and provide answers and she is sorry that Council Member Westfall is not satisfied.

Council Member Westfall said she is not satisfied because it is clear to her that there is either incompetence or collusion going on particularly in the Labor Compliance Program, asking if the Mayor wishes to address that issue.

Mayor Schellong explained that it has come to the city's attention that there was a paperwork issue with the Labor Compliance Board in that he was allowing, and this is second hand information – she did not actually see this in writing, his employees to work four 10-hour days rather than five 8-hour days. Mr. Stover is facilitating communication between that contractor and the Dept. of Industrial Relations and it is her understanding that this happens all the time on large projects and that it is not the city's responsibilities – it is between the contractor and the state. However, it is the city's responsibility to make sure the problem is corrected. Council Member Westfall has been communicating with the labor union and the labor union has been feeding her questions all a long without cluing the rest of the Council in. Schellong has been in contact with the union directly and told the union the proper protocol is to go through the City Manager and to allow the City Manager to work the process to make sure our Public Works project is being handled correctly. The union has apologized and they are going to meet with Mr. Butler this week.

Council Member Burns commented on Council Member Westfall's accusation of him profiting or getting a kickback from anything with this government or WWTP plant is totally unprofessional, unethical and completely wrong. Council Member Westfall stated that she did not accuse Council Member Burns but asked him and Council Member Burns stated that is like asking you when you stopped beating your kids, with Council Member Westfall replying that it is not the same.

Council Member Slert added that the interest here seems to be about cost control and he is concerned that every time she has questions she is cranking up the staff and/or the city attorney to do the homework and response to her multiple questions and it is costing this city valuable time and money. This is a big concern to him. It is an ongoing issue and he thought we had gotten through it and how can we take a vote on it and move forward when all of a sudden here they come again.

Council Member Westfall responded with things have not been done properly starting with the sewer rate protest vote, which got her into politics, and if you go back and correct these things and have more respect for how our public money is being spent.. Mayor Schellong said the problem is you ask the question and you get the answer and then you keep asking the same question – that has been her frustration. As far as the way the sewer protest was handled that was investigated by the Grand Jury and although it may not have gone as smoothly as one has hoped as it was a new process, Prop 218, the city has been found to be not at fault. Council Member Westfall stated that still does not mean the records were not falsified.

Mayor Schellong asked the Council if they would like to give direction to staff on how to handle these continued requests. Council Member Burns stated that the only person any council member should be contacting is the City Manager. Council Member Murray suggested that

Council Member Westfall be censured, with direction being given by attorney Robert Black that the Council add this to the next meeting agenda to bring a motion forth that Council disapproves the action of one component of the Council and vote on it. Mayor Schellong advised the Council that if they would like to add this to the agenda they can fill out a request to do so.

Council Member Westfall stated that she is still waiting for her request to see the Bio Industry invoices on the contaminated soil removal. Mr. Butler explained that those invoices are between Bio Industry and Wahlund Construction and are not necessarily public documents. Council Member Westfall gave a scenario of Wahlund absconded with a quarter of million dollars off of that little transaction – what oversight is there to check into this? Mayor Schellong asked Robert Black to respond to this question. Mr. Black stated that the way the bidding process work is you describe all the work you want done and you ask someone how much they will charge to do that work. How much they pay people underneath that bid or under the umbrella of that bid is not really a subject of inquiry. They did the work, they disposed of the material – we have no knowledge that it was disposed of illegally, we have no knowledge that they disposed of less than what they were paid to dispose of. There is a detailed legal process for putting out the solicitation and the award of these bids. When you award a bid it becomes a legal and binding contract between you and the contractor.

Mayor Schellong directed Mr. Butler to meet with Council Member Westfall tomorrow and find out what more information can be given to her.

Mayor Schellong opened the public comment.

Jody Magnum, Crescent City, asked who the oversight on this is. She believes that the City of Crescent City is the oversight for this project. The bid was \$385,000 for getting rid of the soil and your solution to it two years later is just to go ahead and do a change order two years after the fact after realizing it was nearly double the amount. Who does the labor compliance on this project and she would like to have these items put on the agenda and maybe Council Member Murray would like to censure her.

Mayor Schellong told Ms. Magnum that she is welcome to put into writing her request.

Mayor Schellong closed public comment and requested a 5 minute break.

Mayor Schellong had a request from a council member to have one more discussion point on Item #11. Council Member Slert feels that we have been through this issue of the WWTP multiple times. It was his understanding that things were clearly in order from prior inquiries on the part of Council Member Westfall and he is concerned that we continue to have questions and concerns about the WWTP and he would request instead of taking up the Council's time directly that the questions are addressed specifically and directly to the City Manager and we don't continue to use Council time for these kind of issues. Actually, he thinks the rest of the Council is in agreement of this and just because one of our colleagues is not of the understanding. He believes it is just bogging down this Council's moving forward. He also is very concern about

The City Manager's time and/or staff time being substantially consumed. Personally, he does not feel that new territory is being covered; it is just rehashing 10 different ways a lot of misinformation.

Council Member Burns reiterated what he had previously said – the Council does not manage they ask the City Manager. City Attorney Robert Black stated that one thing they do manage is their agenda. It is up to the Council to control the agenda. Council Member Westfall indicated that she was advised to have a meeting with Jim Barnts and every time she talks with Jim Barnts she gets a different answer. Jim Barnts stated that Council Member Westfall has never come to him and had a meeting. Council Member Westfall indicated that on May 8th she had a meeting with Jim Barnts and Wes Nunn, with Jim Barnts confirming this took place in the lobby as a request for specific information on the contaminated soil.

The consensus of the City Council is that all future requests of information are to go through the City Manager.

12. Consider an Amendment to the Employee Association's Merit Plan Provisions, including Resolution No. 2009-32, entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CRESCENT CITY AND THE CRESCENT CITY EMPLOYEES' ASSOCIATION FOR THE PERIOD OF JULY 1, 2006 THROUGH JUNE 30, 2010, Resolution No. 2009-33, entitled, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CRESCENT CITY AND THE CRESCENT CITY MANAGEMENT EMPLOYEES' ASSOCIATION FOR THE PERIOD OF JULY 1, 2008 THROUGH JUNE 30, 2010, and Resolution No. 2009-34, entitled, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CRESCENT CITY AND THE CRESCENT CITY CLERICAL EMPLOYEES' OF CRESCENT CITY FOR THE PERIOD OF JULY 1, 2006 THROUGH JUNE 30, 2010, or take other action as necessary.

Mr. Butler explained the city went through a routine audit from the California Employee Retirement System (PERS) in January. The Council has deal with a number of corrective actions that have flowed out of this audit and this is the last action to be taken. For several years the city has had a merit pay plan program for three of the four employee groups. The merit pay plan program does not currently meet all the PERS requirements and they have asked us to update the plan by changing the structure/wording.

Mayor Schellong opened and closed public comment with no comment.

Council Member Burns moved to adopt Resolution 2009-32, RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CRESCENT CITY AND THE CRESCENT CITY EMPLOYEES' ASSOCIATION FOR THE PERIOD OF JULY 1, 2006 THROUGH Page 14 second from bottom "NOAA" Pierce misspelled, page 17 #15 Howe Overlook and

JUNE 30, 2010; the motion was second by Council Member Murray and so carried by the following unanimous vote:

AYES: Council Member Slert, Murray, Burns, Westfall, and Schellong
NOES: None
ABSTAIN: None
ABSENT: None

Council Member Burns moved to adopt Resolution No. 2009-33, entitled, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CRESCENT CITY AND THE CRESCENT CITY MANAGEMENT EMPLOYEES' ASSOCIATION FOR THE PERIOD OF JULY 1, 2008 THROUGH JUNE 30, 2010; the motion was second by Council Member Slert and so carried by the following unanimous vote:

AYES: Council Member Slert, Murray, Burns, Westfall, and Schellong
NOES: None
ABSTAIN: None
ABSENT: None

Council Member Burns moved to adopt Resolution No. 2009-34, entitled, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CRESCENT CITY AND THE CRESCENT CITY CLERICAL EMPLOYEES' OF CRESCENT CITY FOR THE PERIOD OF JULY 1, 2006 THROUGH JUNE 30, 2010; the motion was second by Council Member Murray and so carried by the following unanimous vote:

AYES: Council Member Slert, Murray, Burns, Westfall, and Schellong
NOES: None
ABSTAIN: None
ABSENT: None

13. Consider and re-appoint Sylvia Bos and Richard Enea to the Crescent City Planning Commission for four year terms ending May 2012, or take other action as necessary.

Michele Rambo explained there are two open seats on the Planning Commission and staff advertised the need to fill these positions and received three applications. Both Sylvia Bos and Richard Enea applied to refill their seats and staff recommended that they both be reappointed to fill the positions until May 2013.

Mayor Schellong opened and closed public comment with no comments.

Council Member Burns moved to re-appoint Sylvia Bos and Richard Enea to the Crescent City Planning Commission for a four year term; the motion was second by Council Member Murray and so carried unanimously with a 5-0 vote.

14. Consider modifications to the Coasta Norte Development as suggested by the California Coastal Commission, take action to adopt Resolution No. 2009-XX, entitled, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY ACCEPTING THE NINE PROPOSED MODIFICATIONS TO THE COASTA NORTE CONDOMINIUM/TIMESHARE PROJECT (APN: 118-020-34) AS APPROVED BY THE CALIFORNIA COASTAL COMMISSION, or take other action as necessary.

Rod Butler expressed that this is a complicated issue with things changing rapidly especially in terms of the city's interaction with the Coastal Commission. Staff presented an overview for the Council. Mayor Schellong asked if staff could provide a summary of this project and how we got to this point. Michele Rambo provided a summary and explained the project was approved by the Planning Commission on September 13, 2008 and appealed to the City Council where that decision was upheld. The project was then appealed to the California Coastal Commission. The California Coastal Commission met on June 12, 2009 and certified the proposed Local Coastal Plan Amendment in association with the proposed condominium timeshare rental project also known as Coastal Norte.

Council Member Westfall recused herself from the meeting at this time as she lives within 500 feet of the project.

Mr. Rambo continued with a summary of the nine conditions suggested by the California Coastal Commission as part of their certification. The city must choose to accept or deny the suggested modifications. The applicant has accepted these modifications and is prepared to comply with them. Mayor Schellong asked how the text amendments apply to the Coasta Norte Development project. Ms. Rambo explained the text amendments are a modification to our Zoning Code/General Plan.

Mayor Schellong explained that the Coastal Commission is saying that the sea levels are rising on the coastline. The difficulty here is the Coastal Commission is asking the city to amend the Local Coastal Plan in conjunction with the Coastal Norte project in order for the project to get approval. The options are to approve all of the modifications as Coastal Commission requested; adopt the modifications as site specific for this project; the last option is to take no action tonight and allow Mr. Baugh to move forward with his process with a consensual agreement that we approval his project based on his agreement to take care of the Coastal Commission's recommendations without taking formal action. Additionally, notifying the Coastal Commission of the city's decision.

Council Member Slert offered that the sea level is rising is true in some places in California but not in Del Norte County. Council Member Slert offered that the supporting documentation given to the Council has a whole series of studies done by various professionals, in part, financed by the NOA. It actually seems to be in direct conflict with what he found searching on the internet, in fact, our sea level is .65 to .36 feet lower because the land form is actually raising. Mayor

Schellong offered that the National Oceanic and Atmospheric Administration (NOAA) funded this study and the Coastal Commission is coming out that Crescent City needs to address this; however, on their own website they discredit this by saying Crescent City sea level is lowering.

Council Member Murray commented that with her three years on the Planning Commission and her extensive study of the city's General Plan, she feels the process would take considerable time and she would not want to hold up the project. She believes the Council should consider directing staff to see how best to implement this project in a timely manner.

Mayor Schellong opened public comment.

Randy Baugh, Development Consultants, feels the Council has a good grasp of the situation with the Coastal Commission. Their project does meet all of the requirements the Coastal Commission is requiring, however, he feels it would be detrimental to Crescent City to implement their suggestions. He would like to suggest staff work with the Coastal Commission and clarify the sea level rising issues and the language Coastal Commission is suggesting. The language could be changed to work for both the city and the Coastal Commission as well as his project.

Kirk Roberts, Crescent City Planning Commissioner, and an appellant of the project, honestly does not know anything about the sea levels. He believes the Coastal Commission is trying to take this statewide and it is a bigger issue than Crescent City. He got the feeling that Crescent City is being used by the Coastal Commission as a test case. Mr. Roberts would like to see the revised plans of this project, which he is hearing about. Mr. Roberts is not aware of any other lots in Crescent City that would be impacted by this as Mr. Baugh's lot and if he is willing to agree to it so be it.

Tim Pearce, Crescent City, wanted to thank Mr. Baugh for his perseverance. He is very thankful that this project will move forward and feels it is a linchpin to the development of Front Street connecting to Pebble Beach. Mr. Pearce is wondering how many parcels would be effected by the Coastal Commission's new guidelines. He is a proponent of overbuilding – build it as strong as you can, build it for the future, etc. Mr. Pearce really appreciates Council Member Murray's statement of trying to figure out the fastest track because it just seems to take forever. We are building our sewer plant for the future, and by the way, he thinks it is coming along nicely, we're doing the bike path, the swimming pool and we are trying to get a linchpin to put it all together. Waiting another two years to do this project and throwing another cog in it just seems to put us even farther behind in Crescent City. We have accomplished a lot of really positive things in a down time and this is one more thing that is a perfect time to do. He thanks the Council for their patience and diligence and hope they keep it up.

Richard Enea, Crescent City Planning Commissioner, commented on the Coastal Commission. As he recalls, when he voted for that years and years ago, it was formed to create beach access and that was their sole purpose. They have expanded that a lot. Some of these rules would affect us. Take into consideration the ice plant, people at one time wanted to put some condos there – that would affect that. FEMA came up here two years ago and he met with them as a Council Member, they told us we would have to raise that up 17' and his question to him was

why are you rebuilding New Orleans which is below sea level. The FEMA representative answered was it is not in my district. Mr. Enea thinks this is a great project; shared condos work well in other areas and will bring people here too. The Coastal Commission sometimes over steps their bounds and they were created for beach access and we have plenty of that here.

Mayor Schellong closed public comment.

Council Slert commented on his concerns of the Coastal Commission's suggestions as he feels it has major implications on existing built-portion of the city – downtown, water front and the harbor area. His concern is it is an overreaching on the part of the Coastal Commission. The site specific issue is one thing and we have a developer who has actually agreed to accommodate the Coastal Commission on all of the issues they raised. He would hate to see us as a Council and a city move forward regarding modifying or proposing to modify the Local Coastal Plan according to the issues raised by the Coastal Commission without doing a due democratic process of reviewing all of the issues and understanding the implications as they pertain to our city's future.

Mayor Schellong agrees and believes there are at least one maybe two commissioners from the Coastal Commission who were not necessary in favor of implementing this seal level raise recommendations. She feels it is important that we have more communications with them. The most frustrating thing our area faces constantly is having things implemented for the southern area of our state and then there is no comparison to how it affects us up here and they don't take that into consideration. The consensus is to table this issue and have staff do some more work and come back with more information and recommendations.

Council Member Westfall rejoined the meeting.

- 15.** Consider and approve the restoration of the Howe Park overlook, construction of a new storage shed in Beachfront Park and the installation of a new roof for the Beachfront Park group picnic area shelter.

Mr. Butler explained the situation of the funding. In 2002, voters approved the State Parks Bond Act, Prop 40, which the city has approximately \$225,000 left. Staff proposes the city use some of this money for the proposed projects. Mr. Butler showed a power point presentation provided by Eric Taylor.

Mayor Schellong directed staff to look into any permit requirements as the owner of the Howe Park overlook area could actually be the Army Corp of Engineers. Additionally, Mayor Schellong requested staff look at finishing the Cultural Center roof as that is the first thing our visitors see. Mayor Schellong asked about OEM money, which were applied for and earmarked for storm damage. She directed staff to provide an update on this on the next agenda.

Staff is looking at replacing two flag poles in Beachfront Park with some of the rest of the Prop 40 money. Mayor Schellong asked if it would be appropriate to use some of this money for the Veterans Memorial and staff will look into this. Additionally, she mentioned fixing the leaks in the windows at the Cultural Center. Discussion followed on other considerations.

Council Member Murray motioned to approve the restoration of Howe Park overlook, construction of a new storage shed in Beachfront Park and the installation of a new roof for the Beachfront Park group picnic area shelter with noted recommendations; second by Council Member Slert with the following unanimously vote:

AYES: Council Member Slert, Murray, Burns, Westfall, and Schellong
NOES: None
ABSTAIN: None
ABSENT: None

It was noted that there was no public comment.

CITY COUNCIL ITEMS

Legislative Matters –

Mayor Schellong acknowledged the great report from our California League of Cities representative. Mr. Butler talked with Mr. Dalldorf today about the budget follow up on securitization and redevelopment, and will receive information as it becomes available and make recommendations to the Council.

Reports, Concerns, Referrals, Council travel and training reports –

Council Member Westfall reported on the success of the first Quilt Show.

Council Member Slert wanted to follow up with the city manager on the water study status with Willdan. Mr. Butler reported the report did come in and is in review with Mr. Barnts, Mr. Wier and Mr. Butler as they had some concerns about the way it was laid out. They will discuss this with Willdan before reporting to the Council. Mr. Butler believes this will take about a month.

Council Member Slert reported he attended a Visitor's Bureau Board meeting and the focus is still sustainable funding. This group will come back to the Council regarding sustainable funding. Mayor Schellong commented on Mr. Butler sending an email to Ms. Buchanan stating the Council was not necessary in support of continued funding, which is probably not necessarily what the Council was saying but instead saying once the budget information comes in and the city is on solid ground the Council would like to continue funding.

Mayor Schellong reported on her airport meeting and how they are moving forward with the selection of the construction project management team interviews. They had four companies submit and they will be moving forward with interviews in the next few weeks. She attended a Solid Waste Management Authority meeting with lots of new things on the horizon with the franchise agreement process and meetings taken with the recycling taskforce. Not sure where the Board of Supervisors' ad hoc committee to study the Solid Waste Management Authority meetings have come to with the city manager and city attorney agreeing they have not heard for about two months. The Visitors Bureau is promoting our 10-day Salmon season out of the area – August 29th through the September 7th. Mayor Schellong was invited to do the ribbon cutting for

the opening of the Fair and the ribbon cutting for the Caltrans mural and very honored to meet Congressman Clausen.

ADJOURNMENT

Adjourned the meeting to Closed Session at 9:14 p.m.

ATTEST:

By: Linda Jangala, Acting Deputy City Clerk for
Rod B. Butler, City Clerk

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

Crescent City Housing
~~Authority~~

CALL TO Authority Member Schellong called the meeting to order at 6:11 p.m.

ROLL CALL Present: Authority Members Slert, Murray, Westfall, Burns, and Schellong
Absent: None

COMMUNICATIONS – None.

CONSENT CALENDAR

1. Approve regular meeting minutes of July 20, 2009.
2. Approve warrant claims list for the period July 21 through August 3, 2009 and August 4 through August 17, 2009.

Agency Member Slert made a motion to approve the Consent Calendar as presented; the motion was seconded by Agency Member Burns, and so carried unanimously, 5-0.

HOUSING DIRECTOR'S REPORT

Susie Mendez reported on the funding shortfall. They have reduced their payment standard, noticed the tenants, noticed the owners and it will become affective in September. It looks liked they will be able to pull back \$20,000/month, which, hopefully, at the end of the calendar year will put them in the black of about \$50,000. By reducing the subsidiaries to the tenants, they are able to avoid laying off employees or cutting their hours or terminating any families.

Mayor Schellong is appreciative of the effort to not terminate any families and the reduction in subsidiaries is not a huge amount.

PUBLIC HEARING – None.

CONTINUING BUSINESS – None.

ADJOURNMENT

The meeting adjourned at 6:14 p.m.

ATTEST:

SUSIE MENDEZ, SECRETARY

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

**Crescent City Redevelopment
Agency**

CALL TO Agency Member Schellong called the meeting to order at 6:14 p.m.

ROLL CALL Present: Agency Members Slert, Murray, Westfall, Burns, and Schellong
Absent: None

COMMUNICATIONS
No public comment.

CONSENT CALENDAR

- 1. Approve regular meeting minutes of July 20, 2009.**
- 2. Approve warrant claims list for the period August 4 through August 17, 2009.**

Agency Member Slert made a motion to approve the Consent Calendar as presented; the motion was seconded by Agency Member Burns, and so carried unanimously, 5-0.

EXECUTIVE DIRECTOR'S REPORT
None.

PUBLIC HEARING – None.

BUSINESS ITEMS – None.

REDEVELOPMENT AGENCY ITEMS – None.

ADJOURNMENT
The meeting adjourned at 6:15 p.m.

ATTEST:

Rod Butler, Secretary