

**MINUTES
JOINT CITY COUNCIL / IMPROVEMENT AGENCY MEETING
MONDAY, APRIL 4, 2011**

CALL TO ORDER Mayor/Chair Shoals called the meeting to order at 8:06 p.m. in the City Hall Council Chambers, 154 South Eighth Street, Grover Beach, California.

ROLL CALL

Council/Agency: Council/Board Members Bright and Molnar, Mayor Pro Tem/Vice Chair Nicolls, and Mayor/Chair Shoals were present. Council/Board Member Peterson was absent.

City/Agency Staff: City Manager/Executive Director Perrault, City Attorney/General Counsel Koczanowicz, City Clerk/Agency Secretary McMahon, Administrative Services Director/Finance Officer Chapman, Community Development Director/Deputy Director Buckingham, Public Works Director/City Engineer Ray, and Police Chief Copsey were also present.

PUBLIC COMMUNICATIONS The Mayor/Chair opened the floor to any member of the public for comment on items of interest which were within the jurisdiction of the City Council / Improvement Agency, but were not listed on the agenda. No one responded and the Mayor/Chair closed the Public Communications segment for this portion of the meeting.

CONSENT AGENDA

IA-1. Minutes of the Improvement Agency Meeting of February 7, 2011.

Action: Upon consensus (Board Member Peterson absent), the minutes were approved as submitted.

IMPROVEMENT AGENCY - BUSINESS

IA-2. Consideration of Regulatory Agreement with Vernon & Associates for an Affordable Housing Project Located at Farroll Road and South 10th Street.

Chair Shoals read the title to the foregoing item and deferred to staff for a report. For the information of those present, Deputy Director Buckingham provided an overview of the draft agreement with Vernon & Associates for the development of a five-unit, low-income affordable housing project on Agency-owned property located at the northwest corner of Farroll Road and South 10th Street. He described the monetary terms previously approved by the Agency Board and outlined the remaining issues related to:

- 1) Timing for transferring control of the property - the bank required the Agency to collateralize the property with a deed of trust in order for Mr. Vernon to obtain financing; and
- 2) Market risk associated with fluctuation in sales prices - if the sales price dropped to the point of being unprofitable, Mr. Vernon proposed renting the units until market conditions improved.

General Counsel Koczanowicz noted that the draft agreement attached to the staff report would be finalized once staff received direction from the Board. Deputy Director Buckingham and General Counsel Koczanowicz then responded to questions from the Board.

Brief discussion was held regarding requirements for homeowners associations, fees, whether to allow the units to be rentals, and potential options for completing the affordable housing project if the developer defaulted on the construction loan.

Chair Shoals invited comments from those in the audience who wished to be heard on this matter. No public comments were received at this time.

Action: It was m/s by Board Member Bright / Vice Chair Nicolls to: 1) approve the Regulatory Agreement allowing the property to be used as collateral for the construction loan, and 2) authorize the Chair to execute the agreement on behalf of the Agency.

AYES: Board Members Bright, Molnar, Vice Chair Nicolls, and
Chair Shoals.
NOES: Board Members - None.
ABSENT: Board Member Peterson.
ABSTAIN: Board Members - None.

JOINT CITY COUNCIL / IMPROVEMENT AGENCY – BUSINESS

CC/IA-1. FY 10 Comprehensive Annual Financial Report (CAFR).

Mayor/Chair Shoals read the title to the foregoing item and deferred to staff for a report. For the information of those present, Administrative Services Director/Finance Officer Chapman stated that an annual audit of the City and Improvement Agency had been conducted by an independent auditing firm. As part of that process, a Comprehensive Annual Financial Report had been prepared that indicated that the City/Agency was managing its funds properly. The Citizen Oversight Committee had reviewed revenues and expenditures associated with the half-percent sales tax add-on and had determined that expenditures were in accordance with the Council's direction for the FY 10 Budget.

Mayor/Chair Shoals invited comments from those in the audience who wished to be heard on this matter. No public comments were received at this time.

Action: Upon consensus (Council/Board Member Peterson absent), the report was received and filed.

CC/IA-2. Review Sale of City-owned Property to the Agency.

Mayor/Chair Shoals read the title to the foregoing item and deferred to staff for a report. City Manager/Executive Director Perrault provided an overview of past collaborative efforts between the City and the Agency to produce affordable housing through the sale of City-owned properties to the Agency. He noted that both the FY 11 and FY 12 Budgets included the completion of similar transactions. He stated that, based on staff's analysis of a list of City-owned parcels, three parcels were determined to have development potential. He then provided an overview of the following proposed parcels and responded to questions from the Council / Agency Board:

- 1) 920 Brighton Avenue, APN 060-162-018 (currently a community garden);
- 2) 161 South 13th Street, APN 060-242-044-045 (a vacant lot, deed-restricted by the Veteran's of Foreign Wars for use as a parks and recreation facility); and
- 3) 0 South 13th Street, APN 060-591-018 (an underutilized drainage basin adjacent to strawberry fields on Highland Way).

Brief discussion was held regarding the constraints of each parcel; a future community garden at the Exploration Station; and contacting representatives of the Veteran's of Foreign Wars to determine whether there was interest in selling their property. Additional discussion was held regarding selling the parcel on Brighton Avenue this fiscal year and conducting further research on the remaining two parcels before making a determination on the sale of another City-owned parcel for the next fiscal year.

The Mayor/Chair invited public comments from those in the audience who wished to be heard on this matter. No public comments were received.

Action: Upon consensus (Council/Board Member Peterson absent), the Council / Agency: 1) authorized staff to initiate the process to sell 920 Brighton Avenue to the Improvement Agency this fiscal year; 2) authorized staff to contact representatives of the Veteran's of Foreign Wars regarding potential alternatives for the deed-restricted parcel at 161 South 13th Street; and 3) deferred a determination regarding the sale of an additional City-owned parcel for the next fiscal year until staff completed further research.

ADJOURNMENT

There being no further business to come before the City Council / Improvement Agency, Mayor/Chair Shoals adjourned the meeting at 8:45 p.m.

City Council:

/s/ JOHN P. SHOALS, MAYOR

Attest:

/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC/IA Mtg 05/16/2011)

Improvement Agency:

/s/ JOHN P. SHOALS, CHAIR

Attest:

/s/ DONNA L. McMAHON, AGENCY SECRETARY
(Approved at CC/IA Mtg 05/16/2011)