

**MINUTES**  
**SPECIAL JOINT CITY COUNCIL / IMPROVEMENT AGENCY MEETING**  
**TUESDAY, MAY 24, 2011**

**CALL TO ORDER** Mayor/Chair Shoals called the meeting to order at 5:34 p.m. in the City Hall Council Chambers, 154 South Eighth Street, Grover Beach, California.

**ROLL CALL**

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

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, Police Chief Copsey, and Parks & Recreation Director Petker were also present.

Also present were Don Fraser of Fraser & Associates and Albert Peché of A.M. Peché & Associates.

**FLAG SALUTE** The flag salute was led by Police Chief Copsey.

**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.

- A. Brad Snook, Volunteer Coordinator, Surfrider Foundation, expressed concerns regarding operations at the South San Luis Obispo County Sanitation District.
- B. Jeff Pienack, Chair, Surfrider Foundation and resident of Oceano, read a letter published in a local newspaper regarding concerns with operations at the South San Luis Obispo County Sanitation District.

**JOINT CITY COUNCIL / IMPROVEMENT AGENCY – BUSINESS**

**CC/IA-1. Report and Recommendations Regarding a Fiscal Analysis of the Improvement Agency.**

Mayor/Chair Shoals read the title to the foregoing item and deferred to staff for a report. For the information of those present, City Manager/Executive Director Perrault briefly described the Governor's proposal to eliminate redevelopment agencies. If approved, all tax increment revenue flow to the Improvement Agency would be shifted to solve the State's ongoing budget problems, with the exception of revenue deposited in the Agency's Housing Fund and sufficient revenue to cover bonded indebtedness. He stated that the net impact would be to severely limit the City's ability to undertake economic development programs. Therefore, the Agency Board recently authorized retaining the services of a financial consultant to complete a fiscal analysis of the Agency to ensure existing internal loans were protected for repayment and to develop a strategy for protecting future tax increment revenue.

He described the two redevelopment project areas formed with startup funds loaned from the City to the Agency for operational purposes until sufficient tax increment revenue was generated to cover operational costs. Additionally, a loan from the Wastewater Fund to the Agency was made to cover costs associated with the Meadow Creek / West Grand Avenue Storm Drain Project. City Manager/Executive Director Perrault then provided an overview of the fiscal analysis that was completed by Fraser & Associates suggesting that the Agency use available tax increment revenue to issue bonds and use the proceeds to repay all outstanding internal loans between the City and the Agency. He noted that proceeds from a bond issue would be sufficient to repay existing loans and provide a small capital fund for the two project areas. He also

noted that, with a tax-exempt bond issue, the proceeds could only be used for capital costs, but not operating costs. Staff then responded to questions from the Council/Agency Board. City Manager/Executive Director Perrault introduced Don Fraser of Fraser & Associates and Albert Peché of A.M. Peché & Associates.

Mr. Fraser provided an overview of the Improvement Agency's financial position and potential bonding capacity, noting that the amounts would vary depending on bond ratings and interest rates at the time of sale. He and Mr. Peché responded to questions from the Council / Agency Board.

Discussion ensued regarding information in the fiscal analysis, potential impacts if redevelopment agencies were eliminated, the anticipated time frame to initiate and complete the bond process, and the alternative to issuing bonds.

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:**

**City Council:** No action was taken by the City Council at this time.

**Improvement Agency:** Upon m/s by Vice Chair Nicolls/Board Member Peterson, the Agency Board directed staff to: 1) initiate the process to issue bonds to repay existing loans between the City and the Improvement Agency; and 2) proceed with retaining the professional services of a financing team to complete the bond process. The motion carried on the following roll call vote:

AYES: Board Members Bright, Molnar, Peterson, Vice Chair Nicolls, and Chair Shoals.

NOES: Board Members - None.

ABSENT: Board Members - None.

ABSTAIN: Board Members - None.

Upon question, City Manager/Executive Director Perrault confirmed that the Council/Agency Board would receive periodic updates regarding projects in the improvement areas, potential projects, and targeted areas for investment.

**CC/IA-2. Presentation of the Revised FY 12 Budget.**

Mayor/Chair Shoals read the title to the foregoing item and deferred to staff for a report. City Manager/Executive Director Perrault stated that, although the Council/Agency had adopted a two-year budget, current economic impacts necessitated revising the FY 12 Budget. He stated that staff was requesting further Council/Agency Board input regarding proposed budget revisions to be scheduled for formal review and approval at the regular Council/Agency meeting of June 6, 2011. He then reviewed the revised budget pages for the following funds:

**General Fund:** Summarized the Council/Agency Board's previous direction in April for dealing with an anticipated deficit through the use of Carryover and Reserve Funds, and reductions in Supplies and Services and personnel costs, as well as a reduced contribution to the Street Rehabilitation Fund. He also noted the City's current policy regarding vehicle replacements for the Police Department.

**Water Fund:** Reviewed revenues and expenditures and an anticipated fund deficit. He noted factors that could limit the necessity for another water rate adjustment, such as reduced operational costs for Lopez water, the refunding of the loan between the Agency and the City, and reductions in personnel costs.

**Storm Water Fund:** Reviewed advances paid from the General Fund and Wastewater Fund for operations since there was no independent source of funding for this expense, anticipated deficits for both the current and following fiscal years, and discussed the recommendation to combine the Storm Water Fund with the Wastewater Fund.

Improvement Agency: In accordance with the Agency Board's direction for both project areas, reviewed cost reductions to basic administrative and program costs, and a basic allocation for the Chamber of Commerce, marketing program, and funds to assist with processing the Grover Beach Lodge and Conference Center Project. It was noted that no funds were allocated at this time in the revised budget document for the Economic Vitality Corporation or the San Luis Obispo County Visitors and Conference Bureau.

Staff then responded to questions from the Council / Agency Board.

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

The following persons spoke in support of their respective organization's requests for continued funding support:

- Jerry Rioux, Executive Director, San Luis Obispo County Housing Trust Fund;
- Linda Garcia, President/Chief Executive Officer, Grover Beach Chamber of Commerce; and
- Brad Evans, Vice-Chair, Grover Beach Chamber of Commerce.

Jeff Lee, Vice Chair, Parks, Recreation and Beautification Commission, spoke in support of funding parks and recreation activities, stating that the Commission was discussing alternatives to reduce costs currently subsidized from the General Fund.

There were no further public comments received.

Discussion ensued regarding the potential formation of a private foundation to fund special events; potential impacts if sales of City-owned properties were not completed; potential uses for proceeds from the bond sale that was discussed earlier in the meeting; restoring partial funding levels for the Economic Vitality Corporation and the San Luis Obispo County Visitors and Conference Bureau; whether to participate again in the "Savor the Central Coast" event; and past funding levels for Chamber-sponsored special events. Additional discussion was held regarding proposed modifications to City Hall for a centralized customer service counter and improved accessibility, as well as improvements to the front building area and public parking lot. Discussion then focused on the Chamber's letter requesting additional funding and changes to the Chamber's service contract.

Upon request, Jerry Rioux of the Housing Trust Fund described activities of the Housing Trust Fund that directly benefitted Grover Beach residents and/or affordable housing efforts in Grover Beach.

Mayor Shoals suggested having a Council representative on the Chamber's Board of Directors to provide regular updates regarding Chamber activities during "Council Committee Reports".

**Action:** Upon unanimous consensus, the Council/Agency Board provided the following direction for further revisions to the FY 12 Budget:

1. General Fund:
  - Maintain current service levels;
  - Continue the personnel hiring freeze;
  - Continue the vehicle replacement policy for the purchase of one vehicle for the Police Department;
  - Proceed with the City Hall facelift project and accessibility improvements; and
  - Continue funding for the Stone Soup Music Faire and special events.
2. Water Fund:
  - Staff to look into combining the Water Fund with the Storm Water Fund.

3. Improvement Agency:
  - (a) Chamber of Commerce:
    - \$25,000 sponsorship level
    - \$15,000 sponsorship level for Chamber and City-sponsored special events
  - (b) Affordable Housing:
    - \$5,000 sponsorship level to the Housing Trust Fund
  - (c) San Luis Obispo County Economic Vitality Corporation:
    - \$4,000 sponsorship level
  - (d) San Luis Obispo County Visitor's & Conference Bureau:
    - \$4,000 sponsorship level

**ADJOURNMENT**

There being no further business to come before the City Council / Improvement Agency, Mayor/Chair Shoals adjourned the meeting at 7:40 p.m.

**City Council:**

/s/ JOHN P. SHOALS, MAYOR

Attest:

/s/ DONNA L. McMAHON, CITY CLERK  
(Approved at CC Mtg 07/05/2011)

**Improvement Agency:**

/s/ JOHN P. SHOALS, CHAIR

Attest:

/s/ DONNA L. McMAHON, AGENCY SECRETARY  
(Approved at CC/IA Mtg 07/18/11)