

## **ACTION MINUTES**

### **REGULAR MEETING OF THE CITY COUNCIL TUESDAY, MARCH 28, 2017 COUNCIL CHAMBERS, 215 E. BRANCH STREET ARROYO GRANDE, CALIFORNIA**

#### **1. CALL TO ORDER**

Mayor Hill called the Regular City Council Meeting to order at 6:00 p.m.

#### **2. ROLL CALL**

City Council: Council Members Caren Ray, Barbara Harmon, Kristen Barneich, Mayor Pro Tem Tim Brown and Mayor Jim Hill were present.

Staff Present: Interim City Manager Bob McFall, City Attorney Heather Whitham, Director of Legislative and Information Services/City Clerk Kelly Wetmore, Administrative Services Director Debbie Malicoat, Community Development Director Teresa McClish, Public Works Director Geoff English, Acting Police Chief Beau Pryor, Five Cities Fire Authority Fire Chief Steve Lieberman, and Planning Manager Matt Downing.

#### **3. MOMENT OF REFLECTION**

#### **4. FLAG SALUTE**

Members of the Central Coast Exchange Club and Cub Scout Pack 13 led the Flag Salute.

#### **5. AGENDA REVIEW**

##### **5.a. Closed Session Announcements.**

##### **Regular City Council Meeting of March 14, 2017**

- a) Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9(d)(1):  
Name of Case: Appeal of CalPERS determination dated January 26, 2017, (CalPERS ID: 4633639204)

City Attorney Whitham announced that the City Council met in closed session on March 14, 2017 and no reportable action was taken.

##### **5.b. Ordinances Read in Title Only.**

Mayor Pro Tem Brown moved, Council Member Barneich seconded, and the motion passed unanimously that all ordinances presented at the meeting shall be read by title only and all further readings be waived.

#### **6. SPECIAL PRESENTATIONS**

- 6.a. **Honorary Proclamation Declaring the Month of April 2017 as “Month of the Child” and “Child Abuse Prevention Month” and April 8, 2017 as “Day of the Child”.**

Mayor Hill presented an Honorary Proclamation declaring the Month of April 2017 as “Month of the Child” and “Child Abuse Prevention Month” and April 8, 2017 as “Day of the Child”. Maddy Quaglino, representing Child Care Planning Council, accepted the Proclamation.

**6.b. Presentation by Arroyo Grande Public Art Committee/Arroyo Grande in Bloom – An Update on Public Art in Arroyo Grande.**

Trudy Jarratt provided a presentation on the status of public art in Arroyo Grande, introduced the concept of crosswalk art, and suggested that the Council consider creation of a public art maintenance set-aside fund during preparation of the upcoming budget.

**7. CITIZENS’ INPUT, COMMENTS, AND SUGGESTIONS**

Mayor Hill invited public comment. Speaking from the public were Linda Osty, who offered an invocation and announced that the Pismo Beach Rotary Club is selling tickets to the Melodrama to raise funds for scholastic scholarships; Paul Rensler, Board Member of Atheist United, announced that there would be a March for Science on April 22, 2017 and urged the Council to support science in the community; and Patricia Price, spoke of the 2013 Grand Jury report regarding South San Luis Obispo County Sanitation District audit and operations and further spoke regarding the investigation of the Mayor.

**8. INTERIM CITY MANAGER REPORT:**

In response to a request by Interim City Manager McFall to move Item 12.a. up on the Agenda, the Council unanimously agreed.

**12.a. Consideration of a Resolution Confirming the Appointment of James Bergman as City Manager for the City of Arroyo Grande**

Interim City Manager McFall presented the staff report and recommended that Council adopt a Resolution confirming the appointment of James Bergman as City Manager for the City of Arroyo Grande and authorizing the Mayor to execute the employment agreement.

Mayor Hill invited public comment. Speaking from the public was Greg Steinberger, in support of the appointment of Mr. Bergman as City Manager.

**Action:** Council Member Ray moved to adopt a Resolution entitled: ***“A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE APPOINTING JAMES BERGMAN AS CITY MANAGER FOR THE CITY OF ARROYO GRANDE AND AUTHORIZING THE MAYOR TO EXECUTE THE EMPLOYMENT AGREEMENT”***. Mayor Hill seconded, and the motion passed on the following roll-call vote:

**AYES:** Ray, Hill, Harmon, Barneich, Brown  
**NOES:** None  
**ABSENT:** None

**9. CONSENT AGENDA**

Council Member Ray requested that Item 9.m. be pulled.

Mayor Hill invited public comment on the remaining consent agenda items. No public comments were received.

Mayor Hill referred to Item 9.e. and acknowledged Kevin Delaney's appointment as a member of the Downtown Parking Advisory Board.

**Action:** Council Member Barneich moved, and Council Member Harmon seconded the motion to approve Consent Agenda Items 9.a. through 9.i., with the recommended courses of action. The motion passed on the following roll-call vote:

**AYES:** Barneich, Harmon, Ray, Brown, Hill  
**NOES:** None  
**ABSENT:** None

- 9.a. Consideration of Cash Disbursement Ratification.**  
**Recommended Action:** Ratified the listing of cash disbursements for the period March 1, 2017 through March 15, 2017.
- 9.b. Consideration of Statement of Investment Deposits.**  
**Recommended Action:** Received and filed the report listing of investment deposits of the City of Arroyo Grande, as of February 28, 2017, as required by Government Code Section 53646(b).
- 9.c. Consideration of Sole Source Purchase for Plymovent Diesel Exhaust Removal System.**  
**Recommended Action:** Approved a sole source purchase with Air Exchange for a Plymovent diesel exhaust removal system and authorize the Interim City Manager to execute any required documents.
- 9.d. Consideration of Approval of Minutes.**  
**Recommended Action:** Approved the minutes of the Special City Council Meeting of March 11, 2017 and the Regular City Council Meeting of March 14, 2017, as submitted.
- 9.e. Consideration of Council Appointment to Downtown Parking Advisory Board.**  
**Recommended Action:** Approved the appointment of Kevin Delaney to the Downtown Parking Advisory Board.
- 9.f. Consideration of Temporary Use Permit No. 17-002; Regarding Street Closures for the Amgen Tour of California Bike Race on Tuesday, May 16, 2017.**  
**Recommended Action:** Adopted a Resolution entitled: ***"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE APPROVING TEMPORARY USE PERMIT CASE NO. 17-002; AUTHORIZING STREET CLOSURES AND RELATED ACTIONS FOR THE AMGEN TOUR OF CALIFORNIA BIKE RACE; APPLIED FOR BY AEG CYCLING, LLC"***.
- 9.g. Consideration of the 2016 General Plan Annual Report.**  
**Recommended Action:** Reviewed and accepted the 2016 General Plan Annual Report and direct staff to forward the Report to the Governor's Office of Planning and Research.
- 9.h. Monthly Water Supply and Demand Update.**  
**Recommended Action:** Received and reviewed the monthly Water Supply and Demand Report.
- 9.i. Consideration of Award of a Contract for the Plumbing Retrofit Program.**  
**Recommended Action:** 1) Awarded the contract for the Plumbing Retrofit contract to Waterboys Plumbing, Inc. in the amount of \$90,695.00; 2) Authorized the Mayor to execute the contract; and 3) Directed staff to issue the Notice of Award and Notice to Proceed along with other necessary contract documents.

- 9.j. Consideration to Declare Surplus Property.**  
**Recommended Action:** Adopted a Resolution entitled: **“A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE DECLARING AN UNUSED VEHICLE, FURNITURE AND EQUIPMENT AS SURPLUS PROPERTY AND AUTHORIZING ITS SALE OR DISPOSAL”.**
- 9.k. Consideration of Acceptance of the 2016 Street Repairs Project, PW 2016-03.**  
**Recommended Action:** 1) Accepted the project improvements as constructed by R. Burke Corporation in accordance with the plans and specifications for the 2016 Street Repairs Project; 2) Directed staff to file a Notice of Completion; and 3) Authorized release of retention, thirty-five (35) days after the Notice of Completion has been recorded, if no liens have been filed.
- 9.l. Consideration of Approval of a Contractor Services Agreement for Traffic Signal Maintenance and Operation Services.**  
**Recommended Action:** Approved and authorized the Mayor to execute a Contractor Services Agreement with Lee Wilson Electric Company in the amount of \$36,360 for Traffic Signal Maintenance and Operation Services.

#### **ITEMS PULLED FROM THE CONSENT AGENDA**

- 9.m. Consideration of Submission of a Comment Letter to the County of San Luis Obispo Regarding the 2014-16 Resource Summary Report - Public Review Draft.**  
**Recommended Action:** Authorize the Mayor to sign the comment letter regarding the County of San Luis Obispo 2014-16 Resource Summary Report Public Review Draft and Golden State Water Company’s advice letter to the Public Utilities Commission.

In response to questions from Council Member Ray, Public Works Director English confirmed that Nipomo Community Services District’s (NCS D) plan is to use the extra 3,000 feet to account for new development within NCS D and that he would amend the letter accordingly.

Mayor Hill invited public comment. Speaking from the public was Brad Snook, expressing the importance of this item and the ongoing conflict and noted that the public is unaware of the issues that keeps us in conflict and urged solid messaging. No further public comments were received.

**Action:** Council Member Ray moved to authorize the Mayor to sign the comment letter regarding the County of San Luis Obispo 2014-16 Resource Summary Report Public Review Draft and Golden State Water Company’s advice letter to the Public Utilities Commission, as amended. Council Member Brown seconded, and the motion passed on the following roll-call vote:

**AYES:** Ray, Brown, Harmon, Barneich, Hill  
**NOES:** None  
**ABSENT:** None

#### **10. PUBLIC HEARINGS**

- 10.a. Consideration of Development Code Amendment 16-003; An Ordinance Amending Section 16.44.050 of the City of Arroyo Grande Municipal Code Regarding Floodplain Management; Location – Citywide; Applicant – City of Arroyo Grande.**

Community Development Director McClish introduced the item. Planning Manager Downing presented the staff report and recommended that the Council introduce an Ordinance amending Section 16.44.050 of the City of Arroyo Grande Municipal Code regarding floodplain management.

Mayor Hill opened the public hearing. No comments were received, and the public hearing was closed.

City Attorney Whitham read the full title of the proposed Ordinance as follows: **“AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE AMENDING SECTION 16.44.050 OF THE ARROYO GRANDE MUNICIPAL CODE REGARDING FLOODPLAIN MANAGEMENT”**.

**Action:** Mayor Pro Tem Brown moved to introduce the Ordinance as read in title by the City Attorney. Council Member Barneich seconded, and the motion passed on the following roll-call vote:

**AYES:** Brown, Barneich, Ray, Harmon, Hill  
**NOES:** None  
**ABSENT:** None

**10.b. Consideration of the Formation of a Groundwater Sustainability Agency in Compliance with the Sustainable Groundwater Management Act of 2014.**

Public Works Director English presented the staff report and recommended that the Council: 1) Adopt a Resolution directing the formation of a Groundwater Sustainability Agency (GSA) over the non-adjudicated portion of the Santa Maria Groundwater Basin within the Arroyo Grande City limits in compliance with the Sustainable Groundwater Management Act of 2014 (SGMA); 2) Appropriate \$15,000 from the Water Fund to secure the services of a consulting firm to assist City staff with the necessary Department of Water Resources requirements to form a GSA; and 3) Direct staff to work with the County of San Luis Obispo and any other GSA's over the Santa Maria Groundwater Basin Fringe Areas to prepare a Memorandum of Agreement for the management of the subject basin. Staff responded to questions from Council.

Mayor Hill opened the public hearing. Speaking from the public were Brad Snook, who asked if there was a water study for the groundwater areas outside of the adjudicated basin, stated that there are urban water users north of Hwy 101 and that 5% of the users are in the unadjudicated basin, stated he would like clarification on the percentage of citizens in Arroyo Grande that are not urban water users in the non-adjudicated basin, asked if it would make sense to move the whole City into the adjudicated basin area; and Keith Storton, commented that his development uses a portion of the well and that residents have expressed concern regarding the costs associated with not forming a GSA. No further comments were received, and Mayor Hill closed the public hearing. Staff responded to the additional questions raised by the public.

**Action:** Council Member Harmon moved to: 1) adopt a Resolution entitled: **“A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE, COUNTY OF SAN LUIS OBISPO ADOPTING AND DIRECTING THE FORMATION OF A GROUNDWATER SUSTAINABILITY AGENCY (GSA) OVER THE NON-ADJUDICATED PORTION OF THE SANTA MARIA GROUNDWATER BASIN WITHIN THE ARROYO GRANDE CITY LIMITS IN**

**COMPLIANCE WITH THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT OF 2014”,**

2) appropriate \$15,000 from the Water Fund to secure the services of a consulting firm to assist City staff with the necessary Department of Water Resources requirements to form a GSA; and 3) direct staff to work with the County of San Luis Obispo and any other GSA's over the Santa Maria Groundwater Basin Fringe Areas to prepare a Memorandum of Agreement for the management of the subject basin. Council Member Ray seconded, and the motion passed on the following roll-call vote:

**AYES:** Harmon, Ray, Barneich, Brown, Hill  
**NOES:** None  
**ABSENT:** None

*Mayor Hill called for a break at 7:45 p.m. The Council reconvened at 7:55 p.m.*

**11. OLD BUSINESS**

None.

**12. NEW BUSINESS**

**12.b. Consideration of Fiscal Year 2017-18 Pre-Budget Discussion.**

Interim City Manager McFall and Administrative Services Director presented the staff report and recommended that the Council receive information and provide direction to staff for the preparation of the Fiscal Year 2017-18 Budget regarding: 1) Status quo budget concept; 2) Updating the fund balance policy for the General Fund; 3) Opportunities for policy or procedural shifts in responsibility; 4) Reaffirm City Council Goals; and 5) Future consideration of accelerated funding of CalPERS liabilities.

Mayor Hill invited public comment. No public comments were received.

Council Member Barneich provided the following comments:

- Interested in options for accelerated funding of CalPERS liabilities and stated Option 1 (making extra principal payments when funding is available) appears to be the best option;
- Supports the current fund balance policy for the General Fund, but would recommend implementing more detail and guidelines;
- Supports status quo budget concept;
- Would be interested in considering opportunities for policy or procedural shifts in responsibility but would like more information and discussion on this topic;
- Reaffirm City Council Goals: Acknowledged completion of user fee study which will improve cost recovery on services, supported focused parking study for Grand Avenue, but not for the whole City, commented that the City is nearing build-out, and emphasized the need to focus on economic development.

Mayor Pro Tem Brown provided the following comments:

- Supported status quo budget concept;
- Stated it is premature for changing the fund balance policy for the General Fund until other priorities are set. Wants to work on goals first, and then adjust the policy to fit the goals;

- Not in favor of considering policy or procedural shifts in responsibility at this time;
- Supported accelerated funding of CalPERS liabilities;
- City Council Goals: policy for support of City infrastructure is important and should be at the top of the list; acknowledged that the City has already improved cost recovery services; commented that the City should always be working to retain and attract employees regardless of budget status; commented that the City needs to get the environmental document for the Brisco Interchange project out for public review and it needs to be a priority before funding is lost; stated that water security is a nebulous goal right now; enhanced parking is an ongoing City goal; stated that cost-effective fire service is a priority and commented that the Fire Authority should be a stand-alone fire service with its own budget and assets; and stated that improving financial sustainability through economic development is a top priority and he would like to see the development process streamlined and still maintain quality of life issues.

Council Member Ray provided the following comments:

- Commented on Council goals and acknowledged those that have been completed, acknowledged that they will need to be reviewed and revised accordingly because most of them have already been completed or circumstances have changed;
- Would like to see more discussion on options for accelerated funding of CalPERS liabilities;
- Does not want to consider any policy or procedural shifts in responsibility at this time;
- Would like to set goals first before updating the fund balance policy for the General Fund;
- Supported status quo budget concept;
- Would like to add discussion on the roads issue.

Council Member Harmon provided the following comments:

- Would like to see more focus on economic development in the Community Development Department;
- Would like to review and evaluate use of consultants (critical versus non-critical), and revisit at the 2-year budget cycle; supports use of consultants that result in increased revenue;
- Would like more information on all three strategies for accelerated payments to CalPERS regarding unfunded liability and acknowledged as a high priority;
- Supports status quo budget concept, including extra scrutiny on any new hiring, with the exception of certain positions that might need to be considered as contract;
- May be premature for policy or procedural shifts in responsibility – there may be opportunities and doesn't want to overlook them, might need to be looked at and expanded to focus solely on sports or recreation programs that can be contracted out;
- Strategic planning and community engagement - would like to look into developing an online survey (such as survey monkey tool) to survey and incorporate the community's priorities for the FY 2018-19 budget preparation;
- Prioritizing Infrastructure maintenance needs and set aside fund for roads, drainage, water and sewer;
- Reserve fund balance policy - would like to see a percentage of funds over the 20% goal to be deferred to the set aside funds for infrastructure, PERS, or both; and establish criteria for use of one-time windfalls, and to be aware of critical needs so that funds can be allocated to those needs;

- There is an opportunity for some transfer of responsibility for business inspections, fire plans, and other inspections to the Five Cities Fire Authority;
- Affirm City Council Goals to support City infrastructure, retain and attract employees; make decision about Brisco Interchange Project; favors parking study if it is more focused and not the whole City, maintain cost effective fire service, and maximize revenue generation by replacing the goal to “Improve financial sustainability through economic development” with “Engage in an expedient plan check process that assures ongoing development projects are processed without delay”. Eliminate completed goals including improving cost recovery on services and increasing water security.

Mayor Hill provided the following comments:

- Supported status quo budget concept – would like to see as much as we can devote to set asides for maintenance and repair work, water recycling, and the warming shelter;
- Stated the General Fund Balance policy is good, but commented that having reserves over 20% over the fund balance goal means that we are not spending for infrastructure maintenance needs;
- Suggested opportunities for consolidating recreation services with other jurisdictions and collaboration for police services or building inspections;
- Reaffirmed City Council Goals – glad to hear about the parking study being worked into the E. Grand corridor; emphasized the need for full cost recovery to eliminate subsidies;
- Would support a 30 year payoff strategy for CalPERS liabilities without any other acceleration because it is a moving target – would rather spend money on infrastructure improvements where we can see a return on investment and not having to spend more down the road;
- Would like to identify in advance infrastructure projects that can benefit from one time windfalls the City receives;
- Suggested a need for a dedicated economic development position.

No formal action was taken on this item.

### **13. CITY COUNCIL REPORTS**

The Mayor and Council Members provided brief reports from the following committee, commission, board, or other subcommittee meetings that they attended as the City’s appointed representative.

**(a) MAYOR HILL:**

- (1) South San Luis Obispo County Sanitation District (SSLOCSD)
- (2) Brisco/Halcyon Interchange Subcommittee
- (3) Oversight Board to the Successor Agency to the Dissolved Arroyo Grande Redevelopment Agency
- (4) Other: League of California Cities

**(b) MAYOR PRO TEM BROWN:**

- (1) San Luis Obispo Council of Governments/Regional Transit Authority (SLOCOG/RTA)
- (2) Integrated Waste Management Authority Board (IWMA)
- (3) South County Transit (SCT)
- (4) Brisco/Halcyon Interchange Subcommittee
- (5) Other: Zone 3 Water Advisory Board (Alternate)



- (c) **COUNCIL MEMBER BARNEICH:**
  - (1) Zone 3 Water Advisory Board
  - (2) Homeless Services Oversight Council (HSOC)
  - (3) Other
  
- (d) **COUNCIL MEMBER HARMON:**
  - (1) County Water Resources Advisory Committee (WRAC)
  - (2) Air Pollution Control District (APCD)
  - (3) Five Cities Fire Authority (FCFA)
  - (4) Other
  
- (e) **COUNCIL MEMBER RAY:**
  - (1) California Joint Powers Insurance Authority (CJPIA)
  - (2) Economic Vitality Corporation (EVC)
  - (3) Tourism Committee
  - (4) Other

#### **14. COUNCIL COMMUNICATIONS**

Council Member Ray requested that staff bring back on a future agenda a letter of support for Assemblyman Cunningham's bill to provide funding for a study for Desalination at the Diablo Power Plant. Council Member Brown concurred.

#### **15. COMMUNITY COMMENTS AND SUGGESTIONS**

None.

#### **16. CLOSED SESSION**

At 10:54 p.m., City Attorney Heather Whitham announced the City Council would adjourn to closed session to consider the following item:

- a) **CONFERENCE WITH REAL PROPERTY NEGOTIATORS** pursuant to Government Code Section 54956.8  
Property: 250 Wesley Street, Arroyo Grande (APNs 007-011-021 and 007-011-049)  
Agency Negotiator: Teresa McClish, Community Development Director  
Negotiating Party: Eric Knowles, Kidder Matthews  
Under Negotiation: Price and Terms of Payment

At this time, it was noted that pursuant to Council policy, the Council must vote unanimously to continue the meeting past 11:00 p.m.

**Action:** Council Member Ray moved, and Council Member Harmon seconded the motion to continue the meeting past 11:00 p.m. The motion passed unanimously by voice vote.

Adjourned to closed session.

#### **16. RECONVENE TO OPEN SESSION:**

At 10:55 p.m., the Council reconvened to open session. City Attorney Whitham announced that there was no reportable action.

**ADJOURNMENT**

Mayor Hill adjourned the meeting at 11:39 p.m.

**/s/Jim Hill, Mayor**

**ATTEST:**

**/s/Kelly Wetmore, City Clerk**

(Approved at CC Mtg 04-11-2017)