

MINUTES

Joint Meeting of the Scotts Valley City Council and Redevelopment Agency Board of Directors

Date: March 4, 2009

POSTING:

The agenda was posted on 2-27-09
at City Hall, the SV Library, and the
SV Senior Center by the City Clerk.

CALL TO ORDER 6:00 p.m.

PLEDGE OF ALLEGIANCE and Flag ceremony performed by Girl Scouts of Monterey Bay,
MOMENT OF SILENCE Brownie Troop No. 1020

Mayor Johnson presented a Mayor's Proclamation to the Troop
honoring the 97th Anniversary of Girl Scouts of America.

ROLL CALL

Present:

Mayor Johnson
Vice Mayor Reed
Council Member Aguilar
Council Member Bustichi
Council Member Lind

City Manager Ando
City Attorney Powell
Public Wks Director Anderson
Police Chief Weiss
Interim Community Dev Dir Westman
City Clerk Ferrara

COMMITTEE REPORTS VM Reed reported that the Library Joint Powers Board met and voted to raise
fines for overdue library books from .25 to .50 cents per day.

VM Reed reported that the Library Subcommittee met to review the proposals
received in response to the RFP for architecture. He stated that they
discussed hiring an attorney who specializes in RDA to help guide us through
the funding.

CM Aguilar reported that the Sign Subcommittee met and discussed various
issues with the City's sign ordinance such as compliance with current laws, i.e.
freeway signs, a-frame signs, political signs, etc.

CM Lind reported that the Local Agency Formation Commission (LAFCO) met
and discussed the possibility of a county-wide fire district, however, the Board
feels that more cooperation and involvement is needed before moving
forward. She also reported that the Board discussed the wastewater and
environmental program moving ahead with an Eco Park at the Buena Vista
landfill.

CM Bustichi reported that the Santa Cruz Metropolitan Transit District (SCMTD) met to discuss the budget crisis. He stated that they will be going to Washington DC on Friday, March 6 to request funding for Santa Cruz County. He stated that they will also be holding a meeting to discuss their wish list for stimulus funding for items such as the Smart Card system, new busses, and solar technology.

CM Bustichi reported that the ADA Accessibility Subcommittee met and discussed the possibility of creating an award for businesses that go above and beyond what the law requires for ADA accessibility. He stated that they will work with the Chamber of Commerce on the awards system. He reported that they will also be looking at all City properties and sidewalks, etc. for ADA accessibility.

Mayor Johnson reported that he, the City Manager, and Chief Weiss met with Assembly Member Bill Monning to talk about issues facing Scotts Valley and budget issues facing the State of California.

PUBLIC COMMENT

Paul Bach, Scotts Valley Responsible Local Development Political Action Committee (SVRLDPAC), spoke about the difficult economy and specifically the difficult climate for retail. He spoke about and submitted the following documents for the record (Attachment A): (1) an article from the Santa Cruz Sentinel titled "Record property-tax delinquency spares no part of economy", dated February 23, 2009; (2) a print-out from the County Treasurer-Tax Collector's Office regarding delinquent taxes for APN 021-141-05; and (3) a document titled "Title II is the largest delinquent property tax payer in Santa Cruz County and owns the land where the proposed Scotts Valley Target would be built". He stated that a check for approximately \$100,000 had recently been submitted to the City of Scotts Valley from Title II for additional work to be performed by the City on the Target project, and he feels this money should have gone to the County for delinquent property taxes.

Susan Westman, ICDD, stated that she received a phone call from the Community Action Board for the County of Santa Cruz. She stated that this Board works on housing issues in Santa Cruz County, and they are looking for a low-income Scotts Valley resident to serve on the Board. She stated that anyone interested in serving on this Board could contact her at 440-5631.

ALTERATIONS TO CONSENT AGENDA

***M/S: Aguilar/Reed
To approve the Consent Agenda.
Carried 5/0***

Consent Agenda:

- A. Approve Joint City Council/RDA meeting minutes of 2-18-09
- B. Approve check register – 2-10-09, 2-24-09, 2-26-09
- C. Approve request for proposals for auditing services
- D. Approve reappointment of Scott Hamby, City of Scotts Valley Wastewater/Environmental Program Manager to the County Hazardous Materials Advisory Commission, for a term to expire on April 1, 2013

**ALTERATIONS TO
REGULAR AGENDA**

***M/S: Aguilar/Reed
To approve the Regular Agenda.
Carried 5/0***

REGULAR AGENDA

1. Presentation from U.S. Census Bureau regarding the 2010 Census

Mayor Johnson introduced Barbara Ferry of the U.S. Census Bureau who gave a presentation of the 2010 census, which will begin April 1, 2010. She stated that additional information is available at www.census2010.gov.

2. Status report on the Glenwood Open Space Management Plan

ICDD Westman presented the written staff report and responded to questions from Council. She stated that this item is for information only and no action is required at this time.

CM Aguilar questioned if the Safe Harbor Act requirement would assist the Scotts Valley Water District in obtaining permits for a well.

ICDD Westman responded that she felt the adoption of the Phase II plan and the Safe Harbor permit would both assist the Scotts Valley Water District. She stated that it is her hope, on the basis of those two issues, that the City could ask the Scotts Valley Water District to contribute financially for having this plan developed.

CM Bustichi questioned if the City has a financial obligation to manage the property.

ICDD Westman responded that the City does not technically have an obligation to manage the property, however, the Phase II plan must be completed before the property is turned over to anyone else for management.

Matt Freedman, Director of Conservation for the Land Trust of Santa Cruz County, stated that he is looking forward to working with the City to provide a habitat and to have a plan for the open space management.

Joe Bac, President of the Glenwood Homeowners Association, questioned the actual ownership/management of the open space property. He stated that the Glenwood Open Space Management Plan states that if the City of Scotts Valley is unable to come up with someone to manage the property, the management would fall to the Glenwood Homeowners, and he questioned if the endowment for the property would then come to the homeowners.

ICDD stated that the City owns the property and there is a conservation easement that goes over the land. She stated that the conservation easement provides the Land Trust with the ability to manage the property forever.

Mr. Freedman stated that the conservation easement exists in perpetuity, and the endowment goes to the entity responsible for the land management.

Cal Muth, 8 Casa Way, questioned how much the endowment was to the Land Trust for management of the property.

Mr. Freedman responded that \$1,070,000 was set aside, and the Land Trust has used a small amount for fencing, etc. He stated that the rest was invested conservatively and there should be over \$1,000,000 still available.

3. Future Council/RDA agenda items

None.

CONVENE TO CLOSED SESSION

The City Council convened to closed session at 7:13 p.m. to discuss the following items:

1. Pursuant to Government Code Section 54957, the City Council met in closed session regarding the performance evaluation of the City Manager.

RECONVENE TO OPEN SESSION

The City Council reconvened to open session at 7:45 p.m.

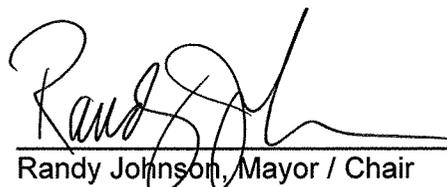
REPORT ON ACTION TAKEN DURING CLOSED SESSION

Mayor Johnson announced that there was nothing to report.

ADJOURNMENT

The meeting adjourned at 7:47 p.m.

Approved:


Randy Johnson, Mayor / Chair

Attest:


Tracy A. Ferrara, City Clerk / Secretary

Record property-tax delinquency spares no part of economy

Santa Cruz Sentinel

By Kurtis Alexander

Posted: 02/23/2009 01:30:56 AM PST

The number of people unable to pay their property taxes this year, which has hit a record high and runs the gamut from homeowners to some of the region's biggest industries, is another sign of the poor economy's toll.

A list of property tax delinquents obtained by the Sentinel includes more than 5,000 property owners in the county, with the biggest debtors being commercial and housing developers, hotel owners and real estate investors.

[View database of taxpayers owing \\$10,000 or more \(as of Jan. 17, 2009\)](#)

"This economic downturn is both wide and deep. I don't see that it spares any sector in our economy," said county Treasurer-Tax Collector Fred Keeley after reviewing the delinquency list.

The county's biggest debtor is the broker behind the proposed Target store in Scotts Valley, Title II Inc. of San Francisco. The company's unpaid property tax bill is \$141,000, as of last month.

Ruben Helick, who represents Title II Inc., acknowledges problems getting the planned big-box store off the ground -- and the bite of seeking costly permits in bad economic times. He says he thinks the company will settle up once a final decision on the project is rendered.

The company, Helick notes, has already paid out hundreds of thousands of dollars in property taxes as it's waited for city approval.

Sabrina Patel is another business person feeling the pinch. She owns three motels in

Santa Cruz and is running a \$42,000 backlog on her property tax payments, meaning she has one of the county's biggest unpaid bills.

"Thirty years we've been in this business and I've never seen it like this," said Patel. "There's just no money coming in ... and the banks aren't giving loans to businesses like us."

Forced to lay off several housekeepers and desk clerks, Patel says she is now working 12-hour days.

"I'm here from 9 to 9 today. That should tell you something," she said.

For many, like Patel, property taxes are often the first bill people stop paying when their financial situation sours. Though delinquent taxpayers are assessed a 10 percent penalty, plus interest, they don't face the prospect of losing their property until five years after missing payment. Other missed bills usually carry more severe consequences.

The list of property tax delinquents from the Tax Collectors's Office, which is dated a month after the December deadline, shows roughly 6 percent of all property owners have not made payment. The number, which includes homeowners and businesses, has fallen from above 9 percent since the Dec. 10 due date.

"I'm hoping that most of those tax delinquencies will be resolved in a year or so as the federal stimulus package takes hold and the mortgage rescue plan kicks in," Keeley said.

In the meantime, however, Keeley said the county is witnessing its highest levels of delinquency in at least three decades, and he doesn't expect the numbers to improve when the next six-month installment comes due April 10.

The county government as well as local cities and schools rely on property taxes to operate. Missed payments can create short-term cash-flow problems, though the tax obligations are usually recovered through penalties and, in some cases, property acquisitions.

Also among the 10 biggest delinquents this year are the owners of office buildings in Scotts Valley and the owners of a shopping plaza in Santa Cruz.

The San Lorenzo Valley Water District and Nonprofits Insurance Alliance of California are also on the top 10 list, though both are appealing their bills. The water district is a public agency and the insurance group is a nonprofit, both of which are usually granted exemptions from the tax man.

Secured Property Tax Bills - Mozilla Firefox
 File Edit View History Bookmarks Yahoo! Tools Help
 http://trc.co.santa-cruz.ca.us/taxbills/TaxBills.aspx
 Most Visited Target Responsible Local Dev... Niles Audio Corporation Windows Media Windows Movie Sign In Mail Search Update your Toolbar
 Gmail Yahoo! News Finance Shopping Small Business HotJobs Yellow Pages Calendar Address Book Briefcase Maps Travel
 County of Santa Cruz
 Treasurer - Tax Collector Office
 Secured Property Tax Bill History
 EADs

Parcel : 021-144-05
 Address : Address not available in our files
 As Of : 3/4/2009 1:10:48 PM

Prior Year Taxes defaulted.
 The amount to redeem the defaulted taxes on this parcel during the month of Mar 2009 is \$172,308.56.
 Defaulted taxes can not be paid through this internet site.
 Click here if you need the amount to redeem during a different month.

\$172,308.56 + 155,084.13 = \$327,392.69
 Currently past due. An additional \$140,985.58
 Will be due on April 10, 2007.

Installment	Due Date	Paid Date	Amount
2008-2009 Regular Annual Tax Bill			
Pay First Installment Only	12/10/2008	Past Due	\$155,084.13
Second Installment	4/10/2009	Not Paid	\$140,985.56
Pay Both Installments			\$296,069.71

Installment	Due Date	Paid Date	Amount
2007-2008 Regular Annual Tax Bill			
First Installment	12/10/2007	12/10/2007	\$139,492.77
Second Installment	4/10/2008	Past Due	Defaulted

Installment	Due Date	Paid Date	Amount
2006-2007 Regular Annual Tax Bill			
First Installment	12/10/2006	12/10/2006	\$138,628.19
Second Installment	4/10/2007	3/29/2007	\$138,628.19

Installment	Due Date	Paid Date	Amount
2005-2006 Regular Annual Tax Bill			

Title II is the largest delinquent property tax payer in Santa Cruz County and owns the land where the proposed Scotts Valley Target would be built.

- Santa Cruz County land parcel (021-141-05)
- Title II is owned by CMR Fund II, H. David Choo, is the president of California Mortgage and Realty, Inc. (CMR) and he is also the sole Fund Manager for CMR Funds I, II and III
- CMR is located at: 62 First Street, Fourth Floor San Francisco, CA 94105 <http://www.cmrfund.com/index.html>
- Title II has the largest delinquent property tax bill in Santa Cruz County. The total property tax currently owed is \$327,392.69 (including interest and penalties owes \$172,308.56 from 4/10/08 plus \$155,084.13 from 12/10/08)
- Title II will owe an additional \$140,985.58 on 4/10/09
- Property tax bill first delinquent on April 10, 2008 then Title II missed 2nd installment payment on 12/10/08
- City of Scotts Valley last week cashed a check from Title II for \$100,328.30 to fund additional work on the Target/Title II DEIR despite the fact that Title II is already significantly delinquent on local property taxes.
- "The Fund is also holding the other property and is funding ongoing entitlement, engineering and other site development work as it actively markets the property for sale. The Manager believes that the fair market value of the property less estimated costs to sell exceeds the carrying value of the REO at June 30, 2008. The Fund's portion of the carrying value of the property at the time of foreclosure was \$8,553,935." http://idea.sec.gov/Archives/edgar/data/1397396/000110465908077323/a08-21792_110q.htm page 16
- Dec. 18, 2008 SEC 10Q filing- "the limited cash resources compared to the operating and debt service requirements of the Manager raise substantial doubt about the Manager's ability to continue as a going concern." http://idea.sec.gov/Archives/edgar/data/1397396/000110465908077323/a08-21792_110q.htm Page 27
- Dec. 18, 2008 SEC 10Q filing- "The Fund registered under Section 12(g) of the Securities Exchange Act of 1934, as amended, effective as of January 8, 2008. The SEC has notified the Manager and that it is conducting an informal inquiry relating to the Manager and the Fund in order to determine whether there have been violations of the federal securities laws. In conjunction with this inquiry, certain information was requested from the Fund. The Manager responded to the information requests related to the inquiry and will continue to cooperate with the SEC in responding to its request. The Manager believes that there will not be a material impact on the Fund's financial position or operations as a result of the inquiry." http://idea.sec.gov/Archives/edgar/data/1397396/000110465908077323/a08-21792_110q.htm page 17
- Dec. 9, 2008 - California Corporations Commissioner summarily suspends CMR Fund III permit issued under CA Corporations Code section 25113 http://www.corp.ca.gov/ENF/pdf/c/CMR_Order-suspend.pdf
- The CMR Fund III prospectus for new investors failed to tell new investors the material fact that in the second half of 2007 alone, CMR Fund III had already received redemption requests from existing investors that exceeded 10% of the aggregate outstanding capital.
- #39 David Choo - The Bay Area's 45 Worst Slumlords, Real Estate Speculators, Gentrification Profiteers and Other Contributors to the Housing Crisis list. <http://www.indybay.org/newsitems/2000/09/01/17492.php>
- David Choo - Oakland City Council Member Ignacio De La Fuente's "Dirty Dozen" landlord list. <http://www.idelafuente.com/1999-10.htm>