

MINUTES

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

Date: May 6, 2009

POSTING:

The agenda was posted on 5-1-09 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 MOMENT OF SILENCE

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 Comm Dev Dir Westman
Senior Planner Fodge
Recreation Division Manager Sudduth
City Clerk Ferrara

SPECIAL SET MATTER Mayor Johnson presented a proclamation to Scotts Valley Girl Scouts thanking them for their clean-up of Scotts Valley Drive and Lodato Park in March and April 2009.

COMMITTEE REPORTS CM Aguilar reported that she attended the 16th Annual California Council of Governments (CALCOG) issues forum in Monterey as a representative of the Association of Monterey Bay Area Governments (AMBAG). She stated that some of the issues discussed were: SB 375 and its lack of funding and methodology for implementation; public transportation; and the impacts of new and upcoming Federal legislation and regulations on California. She also reported that a discussion was held regarding the proposal from the State Legislature to suspend Proposition 42, which would negatively impact transportation funding.

CM Lind reported that the Santa Margarita Groundwater Basin Advisory Committee met on May 4 and discussed the following: Scotts Valley Water District Groundwater Management Program 2008 Annual Report; Santa Cruz County conjunctive use and enhanced aquifer recharge project; integrated regional water management; water conservation and drought response measures; and basin management updates. She reported that Scotts Valley has seen a 414 acre foot reduction in water use since 2003 due to conservation efforts and the expanded use of recycled water. She also

reported that the Scotts Valley Water District is scheduled to receive a grant, under Proposition 50, in the amount of \$705,000 to expand the recycled water distribution system; however, the funds have been placed on hold at this time.

CM Lind reported that LAFCO met and passed their fiscal year budget with no increases. She also reported that LAFCO is reviewing several Senate and Assembly bills to determine any impacts.

CM Bustichi reported that the Santa Cruz Metropolitan Transit District (SCMTD) met and ratified their labor agreements with their maintenance and service personnel. He also reported that the SCMTD awarded a contract for construction of facilities, which is an ongoing process to get out of all of their leased buildings in order to save money.

VM Reed reported that the Joint City/School District subcommittee met and discussed the annual School Facilities Needs Analysis, which sets the level of school impact fees that can be collected. He reported that they also discussed recycling programs at school sites and responding to the Swine (H1N1) Flu. He stated that the City is working with the School District on improving their recycling programs.

VM Reed reported that he and Mayor Johnson attended a public forum at Scotts Valley High School on substance abuse, where a number of issues were discussed. He stated that PC Weiss discussed the City's social host ordinance.

PUBLIC COMMENT

Frank Kertai, Scotts Valley resident and President of the Heritage Parks Homeowners Association, read the attached letter (Attachment A).

ALTERATIONS TO CONSENT AGENDA

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

Consent Agenda:

- A. Approve Joint City Council/RDA meeting minutes of 4-1-09
- B. Approve check register – 4-21-09
- C. Approve non-collection of business license fee for American Crown Circus (sponsored by the Scotts Valley Chamber of Commerce)
- D. Approve Resolution No. 1793.4 approving the parcel map for 305 Hacienda Drive and 18 Nashua Drive // APN's 023-251-02, 023-251-07
- E. Approve Resolution No. 1794.2 approving the parcel map for 625 Grace Way // APN 023-132-15
- F. Approve rejection of claim from Mark A. Beverly in the amount of \$1,000
- G. Approve contract with C.G. Uhlenberg LLP for audit of annual financial statements for fiscal years ending June 30, 2009, 2010, and 2011, with an option for two additional years
- H. Approve out of state travel request for the Economic Development Subcommittee to attend the annual ICSC conference in Las Vegas, May 17-20, 2009

**ALTERATIONS TO
REGULAR AGENDA**

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

REGULAR AGENDA

- 1. Association of Monterey Bay Area Governments (AMBAG) presentation of the Monterey Bay Regional Blueprint Program**

Katie Axt, Associated Planner with AMBAG, gave a presentation on the AMBAG Monterey Bay Regional Blueprint Program and responded to questions from Council.

PUBLIC HEARINGS

- 2. Consideration of Planning Commission recommendation of approval to the City Council for a 112-119 room hotel project and related property improvements at 5030 Scotts Valley Drive // APN 022-091-61 (Planning File Nos. PD09-001, U09-003, DR09-001, and DR09-002**

SP Fodge presented the written staff report and responded to questions from the City Council.

Anatol Schliapnikoff, Merced Hospitality, Inc, project applicant, gave a history of his experience in developing hotels, spoke regarding the proposed Holiday Inn Express at 5030 Scotts Valley Drive, and responded to questions from Council.

Steve Mills, Ifland Engineers in Santa Cruz, project engineer, provided detailed information on the project and responded to questions from Council.

CM Reed requested that CM Ando follow-up with the Scotts Valley Water District to find out if they have applied for the necessary permits to provide reclaimed water for dual plumbing.

PUBLIC HEARING OPENED - 7:20 PM

Frank Kertai, Scotts Valley resident and President of the Heritage Parks Homeowners Association, read the attached letter of concerns (Attachment B) regarding this project.

Mitch Hatch, Scotts Valley Hilton, expressed concerns regarding hotel occupancy, competition, and potentially reduced transient occupancy taxes for the City.

PUBLIC HEARING CLOSED - 7:29 PM

After discussion, the City Council unanimously agreed to add a condition of approval to Resolution No. 1824.1, requiring the applicant to remove all trucks and storage containers stored on the property, except for the one required to store the Octagon building, within sixty days of approval.

CM Aguilar recommended the following green building standards be used: motion sensor lighting, fluorescent lighting, and the use of on-demand hot water systems.

M/S: Aguilar/Reed

To approve Resolution No. 1824 certifying mitigated negative declaration MND09-001 to build a 3-story 112-119 room hotel, with underground parking and related property improvements in the C-S zoning district, located at 5030 Scotts Valley Drive // APN 022-091-61.

Carried 5/0

M/S: Bustichi/Lind

To introduce for first reading Ordinance No. 16-ZC-215 approving a planned development district overlay and permit PD09-001 to build a 3-story 112-119 room hotel, with underground parking and related property improvements in the C-S zoning district, located at 5030 Scotts Valley Drive // APN 022-091-61.

Carried 5/0

M/S: Aguilar/Bustichi

To approve Resolution No. 1824.1 approving use permit U09-003 and design reviews DR09-001 and DR09-002 to build a 3-story 112-119 room hotel, with underground parking and related property improvements in the C-S zoning district, located at 5030 Scotts Valley Drive // APN 022-091-61 as amended requiring the removal of all trailers and storage containers, except one within sixty days.

Carried 5/0

REGULAR AGENDA
(Resumed)

3. Consideration of Farmers Market at Scotts Valley Community Center

RDM Sudduth presented the written staff report and responded to questions from the City Council.

Nesh Dhillon, Operations Manager for Santa Cruz County Farmer's Market (SCCFM), spoke regarding the farmer's market coming to Scotts Valley and responded to questions from the City Council.

Hans Haveman, local commercial fisherman, spoke in favor of SCCFM coming to Scotts Valley.

Joe Schirmer, Dirty Girl Produce, spoke in favor of SCCFM coming to Scotts Valley, and spoke regarding sustainable food systems.

Lynn Robinson, Santa Cruz City Council Member serving on the Santa Cruz Community Farmer's Market Board of Directions, spoke in favor of SCCFM coming to Scotts Valley.

PC Weiss spoke in favor of SCCFM coming to Scotts Valley.

M/S: Aguilar/Reed

To approve the use of the Scotts Valley Community Center parking lot for a farmers market at an hourly rate of \$20 per hour.

Carried 5/0

4. 2009-2010 General Fund Revenue Budget

CM Ando presented the written staff report and responded to questions from Council. He stated that the staff report is for discussion purposes only and no action is recommended at this time.

5. Future Council/RDA agenda items

Reed review our ordinances on bee keeping to make sure what we have in place is adequate for densely populated areas.

CONVENE TO CLOSED SESSION

The City Council convened to closed session at 8:50 p.m. to discuss the following items:

1. Pursuant to Government Code Section 54956.8, the City Council met in closed session to confer with their legal counsel regarding real property negotiations: APN 022-211-80

RECONVENE TO OPEN SESSION

The City Council reconvened to open session at 9:05 p.m.

REPORT ON ACTION TAKEN DURING CLOSED SESSION

Mayor Johnson announced that there was nothing to report.

ADJOURNMENT

The meeting adjourned at 9:06p.m.

Approved: _____
Randy Johnson, Mayor / Chair

Attest: _____
Tracy A. Ferrara, City Clerk / Secretary

20090506 City Council Meeting Kertai Comments

Good Evening. My name is Frank Kertai. I am a resident of Scotts Valley and President of the Heritage Parks Association.

At the last council meeting, Mayor Johnson commented on the purchase of the Ow and Van Kregten properties in the town center plan area. The Mayor claims the city paid a fair price for these properties. The reality is the city overpaid for both properties. The city paid \$100k more than the \$920k appraised value for the Van Kregten property over a year ago. And now, a year later, in one of the most severe real estate recessions since WW II, the city paid the same price per square foot for the Ow property as they did for the Van Kregten property, per the Mayor's own words. Developed property values in our area are 20% to 40% lower than a year ago. Undeveloped commercial property is off in value by even more.

What could the city have done with the money saved from the purchase price paid for these properties? We are talking of hundreds of thousands of dollars here. Let's put things in perspective. If the city had paid 25% less than the \$2.68 million for the Ow property and even \$50,000 less than the \$1.02 million for the Van Kregten property, the savings would have been in excess of \$700,000. This difference is equivalent to approximately 10% of the city's annual budget. It was fiscally irresponsible for the city council to purchase the Ow property with no appraisal. These transactions were an abrogation of fiduciary responsibility by this city council majority.

At the last city council meeting during the open comment period, I expressed some concerns regarding decisions made by the planning commission. The commission had just approved a one year time extension for the Design Review No. DR01-015 for the construction of a two story 135,899 square foot office building on a 17.6 acre undeveloped parcel on La Madrona Drive next to the Hilton Scotts Valley. Paul Bach also provided significant facts and figures concerning Title II, its owner Mr. Choo and political contributions received by Mayor Johnson and previous Mayor Bustichi. Because of those facts, Mr. Bach suggested that both Mayors recuse themselves from decisions regarding Title II.

My concerns included doubts about the legality of the planning commission's actions. I cited specific sections of Scotts Valley Municipal Code. These specific were: 1) 15.20.040, which covers the Imposition of development Impact fees, 2) 17.54.010, which speaks to the administration, interpretation and enforcement of the permitting process and 3) 17.54.040 which speaks to the enforcement issue. I also cited a recent California Supreme Court case, Tara v. City of West Hollywood, which I believe to be relevant to how the city council is dealing with the development issues surrounding the property owned by Title II on La Madrona Drive.

Mayor Johnson noted I am not an attorney. I would point out to the Mayor that the law is not just for lawyers. It applies to everyone – even this city council. I provided facts pertinent to my concerns. I presented a logical, coherent and cogent argument. A person does not need to be an attorney in order to cite case law, make a point and draw logical conclusions. You don't need to be a lawyer to interpret the law. In fact, the City Attorney, Ms. Powell, has made it perfectly clear that she is not here representing the city. She is here representing the majority of this city council.

Instead of simply addressing the concerns we raised, Mayor Johnson found it necessary to attempt to belittle both Mr. Bach and me personally. In fact, the Mayor brought up a totally unrelated incident that occurred nearly a year ago about paint

20090506 City Council Meeting Kertai Comments

markings on our local streets. The Mayor says that I berated city staff and the council over this issue. I did in fact strongly state my indignation over the painting of our streets in day-glo bright colors.

What Mayor Johnson failed to tell you is that both he and previous Mayor Bustichi had both verbally promised in these chambers that we would be notified of activities related to the development adjacent to our community. Both Mayors had directed city staff on multiple occasions during council meetings to notify us in advance of such activities. This was just one of a number of incidents of no notice being provided despite promises to do so. This is just one example of the half truths presented to the public by this city council majority.

Later in the last council meeting, Mayor Johnson disallowed Mr. Bach's rebuttal of earlier comments made by Bustichi and Johnson on these topics. In fact, the Mayor threatened police action against Mr. Bach if he did not desist from commenting. The mayors appear intent on stifling any alternate views to their public positions. They only want to have a conversation and public discussion of issues on their terms -- when and how it suits them. They seem intent on always having the last word.

At the February 4th city council meeting, Councilman Bustichi commented that it was a "colossal waste of time" discussing traffic issues raised by the public. At the last council meeting, Mayor Johnson stooped to belittling members of the public that have taken the time to bring facts, issues and concerns before the city council. Perhaps the Mayors would like to offer up apologies for their comments and their actions? Given the disrespect these men have shown their offices, I suggest that they consider resigning their city council positions. They would do well to pass along their responsibilities to others that have more respect for the citizens they swore an oath to faithfully serve.

Respectfully,

Frank Z. Kertai