

# MINUTES

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

**Date: June 15, 2005**

**POSTING:**

The agenda was posted on 6-10-05  
at City Hall by the City Clerk.

---

---

**CALL TO ORDER**            6:00 p.m.

**PLEDGE OF ALLEGIANCE and MOMENT OF SILENCE**

**ROLL CALL**

Present:

Mayor Marigonda  
Vice Mayor Aguilar  
Council member Barrett  
Council member Bustichi  
Council member Johnson

City Manager Comstock  
City Attorney Powell  
Police Chief Lind  
Public Wks Director Anderson  
Community Dev Director Kuhn  
Finance Director Ando  
City Clerk Ferrara

**COMMITTEE REPORTS**

CM Johnson reported that Library Joint Powers Authority Board met to review the budget. He stated that the budget for the library is still slightly out of balance and some additional minor cuts will have to be made. CM Johnson also stated that a special meeting is being held on Thursday, June 16 to ratify the budget. He stated that if there are any reductions in open hours, they will be minor.

CM Johnson reported that the Santa Cruz County Regional Transportation Commission (SCCRTC) had met. He stated that Congressman Sam Farr notified the SCCRTC that Highway 1 has been designated to receive some funds that would go toward a very minor widening program along the Morrissey corridor. CM Johnson stated that it should help to alleviate some of the 41<sup>st</sup> avenue type of problems that are seen during rush hour in this area. CM Johnson stated there are some people that have a problem with this and the SCCRTC is fighting to keep this money intact. He stated that he has drafted a letter from the SCCRTC to Congressman Farr in an effort to keep this money.

CM Barrett reported that the Santa Cruz Metropolitan Transit District had recently rededicated the Scotts Valley Transit Center in the name of Bart Cavallaro.

CM Barrett read a letter from Gina Biondi, Board Member for the Cultural Council of Santa Cruz County, thanking the Council for their proposed \$250

contribution and requesting increasing the amount to \$500 (Attachment A).

CM Barrett reported that the Monterey Bay Regional Energy Plan is now available for review through AMBAG.

CM Bustichi reported that there are some upcoming public meeting dates regarding the Skypark Town Center. He stated that the first meeting is scheduled for Friday, June 24 at the Scotts Valley Senior Center from 6:00 to 9:00 p.m. to discuss the potential relocation of propane distribution facilities to 90 Lockhart Gulch Road. The second meeting is scheduled for Saturday, June 25 from 10:00 a.m. to 12:00 p.m. at the Scotts Valley Community Center, to solicit input on the proposed development of a mixed use commercial and residential development in the Skypark area. CM Bustichi stated that a third public meeting will be held on Saturday, July 23 that incorporates the input from the previous meetings.

VM Aguilar reported that AMBAG met regarding the Monterey Bay Regional Energy Plan, which is a regional plan that was put together with a federal grant, to assist regions with energy plans to provide assistance to residential, commercial, and government customers to increase their energy conservation.

VM Aguilar reported that the Affordable Housing Subcommittee had met regarding market rate rents, which are actually lower than the moderate rate for affordable housing rentals. She stated that they are looking at possibly making the two Acorn Court Apartment units low income instead of moderate to assist with transitional housing. VM Aguilar stated that this will be discussed further at future meetings.

## **PUBLIC COMMENT**

CM Barrett stated that he had received a nice letter from the Doran Resource Center for the Blind regarding the Woof to Woof that was recently held at Skypark. He stated that the event was a huge success and they raised twice the amount of money they thought they would.

VM Aguilar stated that the Cabrillo College Stroke Center had recently held an awards ceremony in recognition of their outstanding students and four women who have contributed to the support of the Stroke Center and its goal and objective to assist people to be self sufficient. She stated that the four women recognized were Mardi Wormhoudt, Ellen Pirie, Stephanie Harlan, and herself.

## **ALTERATIONS TO CONSENT AGENDA**

***M/S: Barrett/Bustichi  
To approve the Consent Agenda.  
Carried 5/0***

### **Consent Agenda:**

- A. Approve Joint City Council/RDA meeting minutes of 6-1-05
- B. Approve check register – 6-6-05
- C. Approve Resolution No. CRA-85 making a determination that the planning and administrative expenditures for the low and moderate

income housing fund for fiscal year 2005-06 are necessary for the production, improvement, or preservation of low and moderate income housing

- D. Approve Change Order No. 1 for the Scotts Valley Drive/Glenwood Intersection for additional sewer line work in the amount of \$53,800 from the wastewater fund

## **ALTERATIONS TO REGULAR AGENDA**

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

## **REGULAR AGENDA**

- 1. Skypark Open Space Maintenance Assessment District No. 1:  
Resolution No. 1555-SP-16; Annual Engineers Report Skypark**

PWD Anderson presented the written staff report and responded to questions from Council. No action from the Council is required at this time. He stated that this public meeting is being held to accept public testimony and that Council will consider approval of Resolution No. 1555-SP-016 at the public hearing set for July 6, 2005. No one from the public spoke regarding this item.

- 2. Pinewood Estates Landscape Maintenance Assessment District;  
Resolution No. 1213.18; Annual Engineer's Report Pinewood**

PWD Anderson presented the written staff report and responded to questions from Council. No action from the Council is required at this time. He stated that this public meeting is being held to accept public testimony and that Council will consider approval of Resolution No. 1213.8 at the public hearing set for July 6, 2005. No one from the public spoke regarding this item.

- 3. Discussion: Budget Subcommittee presentation of 2005-06 Revenue Proposals**

FD Ando presented the written staff report and responded to questions from Council. He stated that the General Fund has an approximate ongoing deficit of \$848,000, and the Budget Subcommittee looked at ongoing revenue sources to get away from the trend of using one time money, and to spread the burden as fairly as possible between residences, businesses, and visitors. Because of this, the Budget Subcommittee is proposing a .50% sales tax measure, which would equate to an additional .50¢ of sales tax per \$100.

CM Barrett stated that the Budget Subcommittee is proposing a sales tax with a sunset clause as follows: .50% sales tax for five years, .25% for the next 3 years, and then stopping the sales tax or bringing it back to the voters at that time if necessary.

VM Aguilar clarified with staff that the utility user tax and parcel tax could not be taken away by the State. She questioned whether sales tax can be taken away by the State?

CM Comstock stated that the underlying sales tax can be taken away by the State; however, anything voted on locally by the electorate could not be taken away, which would include the proposed sales tax override if approved by the voters.

VM Aguilar stated that it was her understanding that a 24,000 square foot piece of property owned by the City, at an assessed price of \$28 to \$43 per square foot, could bring in \$572,000 to \$832,000 in revenues.

CM Bustichi questioned what the rate would be in the City if the sales tax is passed?

FD Ando stated that Scotts Valley would be 8.50%, the City of Santa Cruz is 8.25%, and the City of Capitola is 8.25%.

CM Johnson questioned the reasoning behind the sunset clause.

CM Barrett stated that he felt it is important to have a sunset clause to get us through the tough times right now. He stated that the Budget Subcommittee would prefer not to have a sales tax at all; however, they do feel this is the fairest way to get us through these tough times.

Mayor Marigonda stated that the sunset clause is important, because with the progress being made on the town center, there is a higher potential for revenue in the future.

VM Aguilar asked what the specific purpose for the proposed revenue augmentation would be and asked if we would be able to restore all of the lost positions. She asked if any of the tax increment would assist in providing adequate salary increases for our employees?

CM Comstock stated that the restoration of positions would be a phased in approach, and that once we start to see an increase in sales tax in the future, some of the money would assist in providing salary increases.

VM Aguilar questioned if the Governor calling a special election for November 8, 2006 would save the City money.

CM Comstock stated that if a special election had not been called by the Governor, election costs would have been \$30,000 to \$50,000. He stated that with the special election, the cost would now be \$16,000.

CM Johnson spoke about the importance of protecting current public safety

services and stated that he feels the .50% sales tax will assist in continuing to provide the type and level of services that our community has come to appreciate and expect.

VM Aguilar stated that the different cities in the county receive varying percentages of their property tax revenues as follows: City of Santa Cruz 20.8%, City of Watsonville 14.6%, City of Capitola 7.5%, and the City of Scotts Valley only receives 4.5% of our property taxes. She stated that she firmly believes that we, as a City, have to do everything possible before going to the community for a sales tax measure. She stated that she could not vote for a state of fiscal emergency unless the City sells the property that would bring us anywhere from \$572,000 to \$872,000 prior to going to the voters. She stated that she would agree to going to the voters concurrently with the sale of the property. She stated she believes this would allow us to balance our budget and then have revenues for the future.

CM Bustichi stated that we are in the fourth year of borrowing money and using one time money to balance the budget. He stated that he is concerned at the thought of selling real property to balance the budget because it is again a one time revenue. CM Bustichi recommended cutting the budget drastically or going to the public to request a sales tax or some other type of revenue enhancement. He does not see selling property as a solution as it will reduce resources for the City. He stated that he does not feel we have gone far enough in cutting our budget and that additional cuts could be restored if we pass the sales tax; however, if that does not happen he recommends cutting the budget, which would entail layoffs and a reduction in services.

CM Barrett stated that he feels we have been cutting for years and layoffs and service reductions are the easy answer. He stated that we are at a point where it is people that would have to be cut to make any further cuts.

Mayor Marigonda stated that we have worked very hard over the last 4 to 5 years to deal with these budget issues. He stated that staff has been putting money away to plan for potential problems. He stated that City staff has gone down while the population, parks, and services have increased. He stated that the sales tax is a bridge. He stated that he is not comfortable with selling City property as a one time way to balance the budget. He stated that the City employees are very hard working and dedicated and they put forward an excellent level of service. He supports the .50% sales tax and he feels we are in a fiscal emergency. Mayor Marigonda asked VM Aguilar what property she is stipulating be sold.

VM Aguilar stated that it is one piece of property that she is talking about and she feels it is fiscally responsible to go forward with the property sale consecutively with the sales tax.

CM Johnson asked if it would be confusing to the public to sell property that would balance this year's budget and at the same time ask for a sales tax. He stated that he would not have a problem selling the property and holding the

proceeds in reserve, but a one time fix is not what the City needs. He stated that the City is in a fiscal emergency and recommended letting the people decide their future.

CM Barrett agreed with CM Johnson's comments. He stated that he feels we are in a fiscal emergency and stated that property should not be sold at this time. He stated that he feels that the sales tax is the best approach and the properties should be kept in reserve.

Mayor Marigonda stated that he would agree to selling the property if the sales tax does not pass.

CM Bustichi recommended the following cuts totaling \$557,000. Reduce Council salaries by 25%, Planning Commission salaries by 25%, and Parks & Recreation salaries by 25%; eliminate one position in finance, freeze the third position in police or eliminate it; eliminate one position in Planning; eliminate one maintenance worker; eliminate an engineer; cut social services in its entirety; switch to a private health plan; and eliminate the maintenance contract for the Scotts Valley Drive medians. He stated that this is not something he wants to do; however, these cuts are not a one time fix and may be necessary. For the current budget, he recommends keeping the recently vacated building position frozen; eliminating the Scotts Valley Drive median contract; and looking at Social Services again. He stated that these are things that could be added back in if the sales tax does pass.

VM Aguilar stated that she is adamantly opposed to cutting any more positions, especially in police. She stated that she feels this is a moral blow to the employees who have given so much to this community. She does not agree with cutting social services as the majority of these monies stay in the City to take care of our citizens. She stated that she is willing to take a pay cut in her salary. VM Aguilar stated that she feels that selling this property would prove to the public that we have done everything possible to take care of the budget problems. She stated that she would only vote for a state of emergency if Council agrees to sell the property concurrently with the sales tax. She stated that she feels strongly that selling the property is part of the solution.

CM Johnson stated that he feels that the budget situation is so dire, and the sales tax so necessary, that he would agree to selling this property concurrently with the sales tax as a compromise. CM Johnson stated that he would agree to a salary cut if it is necessary.

CM Barrett stated that he looks at the property as our last reserve and is concerned that there will be nothing left.

CM Johnson stated that the money from the property could be a good liquid reserve since this is a seller's market.

CM Barrett stated that he concurred with CM Johnson's comments.

Mayor Marigonda stated that he would like to see the money from the sale of the property to go into a reserve if the sales tax passes. He stated that he is willing to compromise, but does not want to see services go down. He stated that he would like to see this sales tax measure on the November 8 ballot, which would allow the City to start collecting money in June of 2006.

VM Aguilar stated that the City has had no idea how much money the State would be taking away each year, which has severely hindered the City's budget.

CM Bustichi stated that he did not mean to suggest that the Council has not been fiscally responsible in the past. He stated that reality is hard to deal with and he sees our budget shortfall as an issue. He agrees that the sales tax is a bridge to help fix the problems. He stated we are losing one to two police officers a year because of our salaries. He stated that he feels we can make a few cuts right now to help. He stated that he does not have a problem selling the property, however, he would like to know how the cash can be held or invested.

The City Council recommended agendaizing a fiscal emergency resolution on the July 6, 2005 City Council agenda.

CA Powell asked VM Aguilar to clarify what she meant by selling the property concurrently with the sales tax measure.

VM Aguilar stated that the reason she was saying concurrently is because in the past certain motions have been passed and then brought back and changed. She stated that she wants to make sure that when she votes for a state of emergency it is concurrent with the sale of the property and cannot be separated.

CA Powell clarified that in addition to a resolution for fiscal emergency, VM Aguilar would want the necessary paperwork to declare surplus property at the same meeting.

VM Aguilar stated that she would like to see a resolution for the sale of the property at the same time as the resolution for the fiscal emergency.

CA Powell stated that the difficulty is that, depending on the property, the zoning may need to be changed in order to get the highest and best use.

VM Aguilar stated that she understood that; however, she would just like to see it declared surplus for sale. She understands that we have no control regarding the value and zoning, which will have to be done later on when the City is campaigning for the sales tax.

Mayor Marigonda stated that he wants to be sure staff follows up on where

the money will be go.

CM Comstock stated that the money has to be invested LAIF and it would be shown on our books as a restricted reserve.

**4. Consider Resolution No. CRA-86 adopting the 2005-2006 Redevelopment Agency budget as amended for the 2005/2006 fiscal year**

FD Ando presented the written staff report and responded to questions from Council.

***M/S: Johnson/Aguilar***

***To adopt Resolution No. CRA-86 adopting the proposed budget as amended for the 2005/2006 fiscal year.***

***Carried 5/0***

***M/S: Johnson/Aguilar***

***To approve the loan agreement between the City of Scotts Valley and the Redevelopment Agency of the City of Scotts Valley for administrative costs of the Agency, and authorize the Executive Director/City Manager to execute that same loan agreement.***

***Carried 5/0***

**5. Consider Resolution No. 630.25 approving the budget for the City of Scotts Valley for fiscal year 2005/2006 and making appropriations for the amounts budgeted and Resolution No. 1501.12 approving the continued collection of the Utility Users' Tax for the budget fiscal year 2005/2006**

FD Ando presented the written staff report and responded to questions from Council. He stated that since the time the budget was prepared we received a change in booking fees due to the Governor's proposed budget. He stated that in the past the City has received booking fee revenues from the State and then we pay booking fees to the County for the operation of the jail. The Governor's budget is now proposing to eliminate the revenues we receive from the State and cutting in half the amount that we have to pay the County. He stated that the when Council approves the budget they need to make an adjustment to remove the booking fee revenues of \$18,000 and reduce the booking fee expenditures from \$31,000 to \$17,000.

CM Bustichi recommended the following budget amendments prior to adoption: reduce Council salaries as a symbolic gesture, freeze the vacant position in building, and eliminate the maintenance contract for the Scotts Valley Drive medians. He stated that at a later date, if funding becomes available, we can re-evaluate these cuts.

CM Comstock stated that the recently vacated position in the building division

is frozen and there are no plans to fill it at this time.

VM Aguilar stated that with our reduced staff she is concerned about adding median maintenance to the Public Works maintenance staff. She stated that she does not feel it would be a savings with personnel costs.

CM Barrett stated that at this point in time, with our reduced staff, he feels we should keep the Scotts Valley Drive median contract.

CM Johnson stated that he likes the sentiment of cutting costs; however, he is concerned about possible higher worker's compensation costs and morale issues that can occur with overburdening a reduced staff.

Mayor Marigonda stated that he concurred with CM Johnson's comments.

***M/S: Aguilar/Barrett***

***To adopt Resolution No. 630.25 approving the budget for the City of Scotts Valley for fiscal year 2005/2006 and making appropriations for the amounts budgeted as amended to remove the booking fee revenues of \$18,000 and reduce the booking fee expenditures from \$31,000 to \$17,000.***

***Carried 4/1 (NOES: Bustichi)***

***M/S: Barrett/Aguilar***

***To adopt Resolution No. 1501.12 approving the continued collection of the utility user's tax for the budget fiscal year 2005/2006.***

***Carried 5/0***

## **6. Future Council/RDA agenda items**

CM Comstock stated that bringing back the issue of the property sale concurrently with the fiscal emergency on July 6 may be problematic. He stated that it may be a part of a larger parcel that would have to be subdivided prior to declaring it surplus, which requires action by the Public Works Director and the Planning Commission. He stated that it may not be able to be brought forward until the July 20, 2005 Council meeting. CM Comstock stated that we have until the first of August to notify the County that we would like to consolidate with the County for the November 8 election.

## **CONVENE TO CLOSED SESSION**

The City Council convened to closed session at 8:00 p.m. to discuss the following items:

1. Pursuant to Government Code Section 54946.8, the City Council met in closed session to confer with their real property negotiator regarding the lease of City property; APN 22-211-77.

## **RECONVENE TO OPEN SESSION**

The City Council reconvened to open session at 8:20 p.m.

**REPORT ON ACTION TAKEN DURING CLOSED SESSION**

Mayor Marigonda announced that there was nothing to report.

**ADJOURNMENT**

The meeting adjourned at 8:25 p.m.

Approved: \_\_\_\_\_

Paul Marigonda  
Mayor / Chair

Attest: \_\_\_\_\_

Tracy A. Ferrara  
City Clerk / Secretary