

MINUTES

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

Date: September 19, 2007

POSTING:

The agenda was posted on 9-14-07
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 Bustichi
Vice Mayor Johnson
Council Member Aguilar
Council Member Barrett
Council Member Reed

City Manager Comstock
City Attorney Powell
Deputy City Mgr/Admin Svs Dir Ando
Police Lt. Hohmann
Public Wks Director Anderson
Interim Community Dev. Dir. Westman
Administrative Secretary Roland

SPECIAL SET MATTER The special set matter was delayed until after the Committee Reports.

COMMITTEE REPORTS CM Reed reported that the Joint City/School District Subcommittee met and discussed the City and School's mutual desire for an SRO. He advised that hopefully in April of next year there would be sufficient police staffing to place a SRO at the High School. CM Reed also reported that the City and School District are investigating the possibility of a library at the High School site.

CM Aguilar reported that AMBAG met and will be sponsoring a Sustainability Conference in 2008. She stated that sustainable building and product information will be the focus of the conference. CM Aguilar also wanted to remind the public that Ride Share Week will take place in October and a "Round-the-World Trip" will be available to win by persons participating in Ride Share Week.

CM Barrett reported that he attended the County Integrated Waste Management Task Force in lieu of Scott Hamby. He stated that they discussed acceptable sites for the Eco Park, and that a Consultant came up with Buena Vista as the most acceptable site.

CM Barrett announced the Cultural Council is running their Open Studies Art Tour the first two weekends in October. He stated that the public could pick up books and tour information in town at Coast Commercial Bank, First American Title, Surf City Coffee, The Art Store, Santa Cruz County Bank and Zinnia's.

VM Johnson reported that the Skypark Subcommittee met today and discussed the preferred design. He stated that there was a general workshop a couple weeks ago and the public filled out report cards on the progress to date. He stated those results will be shared at a second workshop on October 16th. He advised that a hosted meeting was held with an interested developer from Ohio, with very productive talks on their team working with Scotts Valley and their concepts for the Town Center. He reported that it's encouraging that there is a lot of interest by developers on the project.

Mayor Bustichi attended a City Selection Committee meeting this afternoon which is comprised of the city managers and mayors of Scotts Valley, Capitola, Santa Cruz, and Watsonville, and the County Administrative Officer. He stated that they discussed the green building that is taking place in the area and the sustainability components all the cities are working on. He stated that it is the intention of the agencies in Santa Cruz to prepare a Green Building Ordinance that is uniform throughout the county that both developers and homeowners can work with. He stated Watsonville Council Member Skillicorn will be putting on a Green Building Expo at Watsonville Fairgrounds in October of 2008.

SPECIAL SET MATTER

Dan Haifley, O'Neill Sea Odyssey, thanked the City Council for allowing the presentation tonight and for their support of O'Neill Sea Odyssey. He presented a slide show on the project for those in attendance. He also announced that there would be an O'Neill Sea Odyssey fund-raiser on September 29th at the Long Marine Lab and that information on the fund-raiser can be obtained from their website at www.oneillseaodyssey.org.

PUBLIC COMMENT

Ron Kilcrease addressed the City Council's vote at their last meeting to develop a site on El Pueblo Road and the \$200,000 consideration the City gave Central Home Supply to move their business to Scotts Valley. He noted that a Santa Cruz Sentinel article stated the business move to Scotts Valley would be an expansion of Central Home Supply, not that they would be moving their business to Scotts Valley. This sounded to him to be in conflict with what the City Council was told at their last meeting by Central Home Supply. He stated he would like Council to reconsider their approval.

CM Aguilar clarified with staff that the appeal deadline for the Planning Commission's design review of the Central Home Supply project was October 1st at 5:00 PM.

Denali Bosee, lives in the Sugar Loaf Road area just out of the City, stated that he has shopped Scotts Valley for over 30 years and has patronized the small family run businesses. He stated his concern over Central Home Supply putting small business owners out of business and displacing people and their families who work for those small businesses. He stated he was curious about the practice of offering \$200,000 to a company and wanted to know if this was a common practice. If so, would the Council provide to the public any future recipients of such offers. He stated he was also concerned about further damage to Carbonero Creek and Scotts Valley Drive after finally getting it restored. He is also concerned about dust which would surely increase should Central Home Supply come into town. He stated he was also very concerned

about unfair or unethical business practices by the City. He stated he was appalled during the last Planning Commission meeting when the Commission was forming their concerns, comments, and discussion in a manner which conveyed the decision had already been made to bring Central Home Supply in to Scotts Valley.

Wally Smith, lives in the Sugar Loaf Road area just out of the City, stated that the moving of Central Home Supply to Scotts Valley will increase dust, odors, and traffic in the City. He stated his concern that the bridges in town may not support their large trucks and that in his opinion, moving Central Home Supply to Scotts Valley would be in direct violation of Municipal Code Section 17.20.101 (F), which protects commercial properties in the City against businesses that would create noise, odor, dust, dirt, smoke, vibration, heat, glare, heavy truck traffic and other objectionable influences incidental to industrial users. He stated that in respect to the developer stating that there would be approximately \$100,000 in sales tax revenue to the City, the City will also incur expenses due to the maintenance of infrastructure and additional public safety expenses. He stated there would also be hazards to public safety to children in the school zones and increased traffic, and he believes that the increase in tax revenue would be far outweighed by all the other items stated. He urged the City to re-evaluate the moving of Central Home Supply to Scotts Valley and asked them to concur with their findings in the past that are detailed in Municipal Code Section 5.17.010(b) in regards to securing and promoting public health, comfort, convenience, safety, welfare, prosperity and peace and quiet of the City and its inhabitants.

Chris Stubendorf, Scotts Valley Firefighters Local 3577, invited everyone to the Annual Firefighter's Pancake Breakfast on October 7th from 8:00 to 12 noon. He stated they will have live entertainment, tours of the fire station, and demonstrations. He advised that this year's proceeds will benefit Ride-a-Wave Foundation, which takes children out for a day of fun and surfing.

Glen Soma, Scotts Valley Chamber of Commerce Board Member, invited all to the October 20th Community Awards Ceremony. He stated that nominations for awards have been extended through this Friday, September 21.

**ALTERATIONS TO
CONSENT AGENDA**

None.

***M/S: Barrett / Reed
To approve the Consent Agenda.
Carried 5/0 (No on E - Aguilar)***

Consent Agenda:

- A. Approve Joint City Council/RDA meeting minutes of 9-5-07
- B. Approve check register – 9-4-07
- C. Approve three agreements for professional services for contract planners in the Community Development Department:

- (1) Agreement between Maureen Owens Hill and the City of Scotts Valley
- (2) Agreement between Jim Weaver and the City of Scotts Valley
- (3) Agreement between Kim Tschantz and the City of Scotts Valley
- D. Approve agreement for professional services between the City of Scotts Valley and Telecommunication Engineering Associates (TEA) to assist in the design and implementation of an integrated public-safety communications system for the City of Scotts Valley
- E. Approve second reading and adoption of Ordinance No. 16.124 approving the addition of Section 17.50.015 "Large Family Child Care Homes" to the Scotts Valley Municipal Code
- F. Approve second reading and adoption of Ordinance No. 16-ZC-208 rezoning the following: APN 22-162-69, 22-162-74, 22-732-48, 22-732-01, and 22-151-04 shall be rezoned to R-M-6000 Residential - Medium High Density; APN 21-321-04, 22-151-05, 22-151-11, 22-211-92, and 22-151-03 shall be rezoned to R-VHD Residential - Very High Density (15.1 - 20 units per acre); and APN 22-162-76 shall be rezoned to C-S Service Commercial (Zoning Ordinance Amendments AZO07-001 and ND007-03)

**ALTERATIONS TO
REGULAR AGENDA**

None.

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

REGULAR AGENDA

1. Presentation of annual report for the Santa Cruz City/County Library System by the Library Director

Anne Turner, Director of Libraries for the Santa Cruz City/County Library System, presented the fiscal year 2006-2007 Annual Statistical Report to all Council Members for the Library System, and responded to questions from the Council. An annual report was handed out to each Council and will be available on file in the City Clerk's office.

The Council thanked Anne Turner for the annual report and complimented her on the library system.

2. Consideration of request from Sessions to not collect use permit fee

CM Comstock presented the written staff report and responded to questions from Council.

Cindi Busenhart, Sessions, spoke to Council regard the history of the sales and stated they started to hold them longer due to demand. She stated they didn't get prior authorization to have a longer sale and stated she was at fault for not requesting the changes. She advised that Sessions was open for 38 regular business hours during the year out of 2080 regular business hours. She commented that their sales encourage commerce in Scotts Valley by

bringing customers into the City. She stated Sessions participates in many community fund-raising events either by donations and/or by actual participation. Ms. Busenhart advised that Sessions has brought in over \$8,000 in sales tax this year for the City, and stated that the sale is a benefit to the community and helps community members get discounted clothing during critical times of the year (Christmas and back to school). Ms. Busenhart advised that Sessions would like to amend its current Use Permit to allow 40 to 50 hours of sales per year during regular business hours.

Mayor Busitichi reminded Council that the issue at hand was the request to waive the Use Permit amendment fee.

CM Barrett stated he would not be in favor of waiving the fee. He felt Sessions should pay the fee like all other Use Permit applicants.

Glenn Soma, Board Member for the Chamber of Commerce, spoke in support of Sessions and advocated the waiver of the fee. He stated he would hate to see Sessions move out of the City over this issue.

Josh Breeden, President of the Board for the Chamber of Commerce, stated there was definitely a community benefit to waive the fee and help keep the support and business in town.

Cindi Busenhart, Sessions, read a letter of support for amending Sessions Use Permit from Richard Ow, owner of Kings Village.

CM Johnson stated the Council has to judge this issue on its merits. He stated he liked the point of 50 hours out of 2080 hours a year. He felt that under the circumstances this business is of public benefit and knows that these sales don't have to be open to the public. He stated he would be in favor of the waiver of the fee because of the public benefit.

CM Reed echoed CM Johnson's comments and reiterated that the tax dollars are what the City needs; however, the City is incurring costs by processing this request. He stated that several businesses in the City give lots of money to support the community, but they don't ask the City for the concession of not paying city fees. He stated he agreed with CM Barrett and would not approve the waiver of use permit fees.

Mayor Bustichi stated this Council has been talking about helping new and existing businesses in the City. He stated that he felt this would be an economic concession for an existing business and encourages growth. He stated the City would get a better bang for their buck to increase these hours and allow these sales to go on. He suggested this fee be paid by the Redevelopment Agency to the General Fund on behalf of Sessions to encourage economic growth.

CA Powell advised that Council could expend RDA funds based on the statements tonight regarding the public benefit.

M/S: Johnson / Aguilar

To have the Redevelopment Agency pay the Use Permit fee on behalf of the applicant.

Carried 3/2 (Reed / Barrett - NOES)

3. Motion to reconsider approval of funding for Habitat for Humanity (HFH)

CM Comstock presented the written staff report and responded to questions from Council.

CM Aguilar commented that on page 9 of the staff report, first paragraph, the last sentence states that for smaller projects, such as six units or less, an in lieu fee is permitted to satisfy the affordable housing requirement, which is one of the reasons why the Affordable Housing Subcommittee at that time (Council Member Aguilar and Council Member Ainsworth) recommended Option #1 to the Council, which was to accept in lieu fees.

CM Reed requested clarification from CM Comstock on whether in lieu fees were germane to this issue because this development is more than six units. CM Comstock stated that was a true statement, however, the 40 unit development is not allowed an in lieu fee, it must build 15% affordable housing, which is six units. CM Comstock stated that what CM Aguilar and the staff report are referring to is since the six unit project is off-site, it is being treated as a separate project; therefore, those six units must also provide 15%, which is the .9. CM Comstock stated that the discussion has been that Lennar would build the six units, and then they would pay the .9 on the six units additionally through an in lieu fee. CM Reed confirmed that the developer cannot pay any in lieu fees in reference to the 40 unit Polo Ranch subdivision. CM Comstock stated that was correct.

Andrea Tolaio, Acting Executive Director for Habitat for Humanity (HFH), stated she sent a letter to City Council and City Manager earlier this afternoon which spoke to the motion to reconsider the approval of funding for HFH. She stated that the letter responds to the question: "*Since it is the entire obligation of the developer to provide six affordable housing units, why isn't the developer contributing all of the costs necessary, instead of the Redevelopment Agency?*" She stated that if Lennar had funded the whole project, they would have just built it themselves so that they could sell them and recoup any of the expenses that they could, which would pretty much cut HFH out of the picture, and the City could work with Lennar in terms of how they are going to fulfill their Housing Element and their low income and very low income homes for home ownership. She stated that by cutting HFH out we lose the opportunity cost that HFH brings to the table because they are able to leverage funds. She stated that the letter goes on to talk about ways that HFH can leverage funds. She stated that in response to the question, "*Why is HFH looking for RDA funding to help fund this project when Lennar is going to pay for the property?*", back in 2000 or 2004 HFH had enough money in their coffers to do that without aggressive fund-raising; however, since then they have built three homes and two affordable ADU units at a cost of approximately \$850,000 to HFH. She stated that at this time, for HFH to

come up with the dollars to build in this project, they would have to fundraise, so what HFH would like to be able to do is ask the RDA to help HFH fund this project with some of the RDA affordable housing money. She stated that it would certainly not be up to \$1 million and that HFH working with Lennar is not contingent upon getting those dollars, but they would like to approach the RDA to see if they would support the project. She stated that the amount has not been determined yet, but it would certainly not be up to \$1 million, and HFH would work with the City every step of the way to ensure that whatever monies are gifted to HFH would be spent in an effective and efficient manner. She stated that HFH recognizes that there are many steps involved before they start construction, however, earmarking of the RDA funds would be an excellent first step and will allow HFH to make this project a reality. She stated that HFH also acknowledges that this is a very complicated issue and the City will have numerous future opportunities to work with HFH for a successful outcome. She stated that she was available to respond to any questions the Council may have.

CM Aguilar stated for information that HFH provides very low income homes for people that would never be able to purchase a home and that purchasers of the homes would not be paying any interest on a loan secured by them. She stated Lennar could build the affordable housing units, but they would require the purchaser to obtain a loan from a bank with interest. She felt having Lennar construct the homes would not have the same type of impact for potential low income families as HFH can provide.

Chuck Huddleson, past citizen of Scotts Valley, stated that he sympathized with the morass the City is in with the affordable housing issue. He stated that he would like to see affordability by design. He stated there is a fix, which is to learn how to design and build housing at affordable rates.

Brian Bailey, volunteer on the Board of HFH, stated that HFH is one of the foremost green builders in the County. He stated that along with affordable housing, housing needs to be less expensive to live in. He advised that HFH is the best bang for the buck and builds for ownership, which allows the purchaser to asset build. He stated that HFH homes are more affordable because HFH doesn't charge interest and can finance a home at a 0% interest loan.

Tom Housow wanted to speak on a point brought up at the last City Council meeting. He stated that HFH housing stays low cost housing forever, and low cost housing built by a developer can be resold at a later time at market rate. He stated that with HFH, if the owners want to sell down the road, the house is sold back to HFH and they again sell it as low cost housing.

***M/S: Barrett / Bustichi
To reconsider approval of funding for Habitat for Humanity at the next meeting.
Carried 4/1 (NOES: Aguilar)***

4. Future Council/RDA agenda items

CM Aguilar requested that the pet ordinance be placed on the next agenda for discussion.

CONVENE TO CLOSED SESSION

The City Council convened to closed session at 7:38 p.m. to discuss the following items:

1. Pursuant to Government Code Section 54956.9, the City Council met in closed session to confer with their legal counsel regarding potential litigation.

RECONVENE TO OPEN SESSION

The City Council reconvened to open session at 8:15 p.m.

REPORT ON ACTION TAKEN DURING CLOSED SESSION

Mayor Bustichi announced that there was nothing to report.

ADJOURNMENT

The meeting adjourned at 8:16 p.m.

Approved: _____

Dene Bustichi, Mayor / Chair

Attest: _____

Jeanette L. Roland, Administrative Secretary