MINUTES

City Council Regular Meeting 2212 Beach Boulevard Pacifica, CA 94044 June 8, 2009

Mayor Lancelle called the meeting to order at 7:05 p.m.

Present: Councilmembers: Vreeland, Nihart, Digre, and Lancelle.

Excused: Councilmembers: None.

Staff Present: Steve Rhodes, City Manager; Cecilia Quick, City Attorney; Ann Ritzma,

Administrative Services Director; Van Ocampo, Deputy Director Public Works/City Engineer; Jim Saunders, Police Chief; Dave Rogers, Assoc.

Engineer; Dave Gromm, WWTP Manager; Mike Perez, PB&R Director; Kathy

O'Connell, City Clerk.

Councilmember Vreeland led the Salute to the Flag.

Commission Liaison: None. Chamber Liaison: None.

CLOSED SESSION:

None.

CONSENT CALENDAR:

City Manager stated that they had a request to remove Item #7 from Consent to Discussion.

Mayor Lancelle clarified the minutes on page 7, which stated "... from the dais ..." and should have been "... from the **podium** ..."

Councilmember Nihart requested that they pull Item #5 to talk about it a bit more.

Councilmember Vreeland stated that he would be abstaining from voting on the minutes.

Councilmember Vreeland moved approval of the Consent Calendar, as amended, as follows: Approval of disbursements dated 5/01/09 to 05/27/09 in the amount of \$588, 805.74, regular and quick checks numbered 41113 to 4141 and 4304 to 4435; and approval of disbursements dated 5/28/09 to 5/29/09 in the amount of \$270,878.61, regular and quick checks numbered 4436 to 4506, as set forth in Item #1; Approval of Minutes of regular City Council meeting of May 26, 2009, as set forth in Item #2; Adoption of Agreement for Exchange of Emergency Medical, Rescue and Fire Protection Services Automatic Aid Agreement, as set forth in Item #3; Adoption of San Mateo County Pre-Hospital Emergency Medical Services Group Reaffirmation of Membership and Approval of JPA Agreement, as set forth in Item #4; Adoption of Resolution Regarding the Proposed State of California "Borrowing" of Property Tax Funds from Cities and Counties, as set forth in Item #5, moved to Consideration as Item #11; Adoption of Notice of Completion for the ATAD Digester Modification Project, as set forth in Item #6; Adoption of Change in Cafeteria Plan Benefits for City Council; as set forth in Item #7, moved to Consideration as Item #10; seconded by Councilmember Nihart.

ROLL CALL VOTE:

Ayes: Councilmembers: Vreeland, Nihart, Digre, and Lancelle.

Noes: Councilmembers: None.

Motion carried: 4-0.

SPECIAL PRESENTATION:

City Clerk O'Connell stated that they would be holding the Relay for Life proclamation over until the next meeting.

Mayor Lancelle read a proclamation honoring Amateur Radio Week. She added that it was important to have them working in partnership with the City in the case of an emergency, and mentioned their yearly contest at the Discovery site to contact people over the world.

Mayor Lancelle asked if they could read the commendation for Patrick Walter when he arrives later in the meeting.

City Attorney Quick stated that the Council had the discretion to set the order of the agenda.

PUBLIC HEARINGS:

None.

COUNCIL COMMUNICATIONS:

Mayor pro Tem Digre attended the breakfast in honor of heroes. She felt it was a nice idea. She mentioned that it was important that everyone call their legislators regarding individuals with developmental disabilities.

Councilmember Nihart attended the North County JPA, mentioning that it would be continuing as is. She congratulated the Library Foundation for a successful Bowl-a-Thon event. She also mentioned that Patrick Walter had not had good luck with his dogs, and had to put one of his boxers down.

Mayor pro Tem Digre asked that everyone keep one military mom's son in their thoughts. His Humvee ran over an IED in Iraq, although he had survived.

Councilmember Vreeland asked staff if they were going to discuss in lieu of fees at the next meeting.

City Manager Rhodes responded that it was scheduled for that meeting.

Councilmember Vreeland asked if they could broaden the discussion to include use permit fees.

City Manager Rhodes thought it would be better to keep them separate because they were two different types of fees. He added that there was also work being done on the use fees, and they should wait for that information before bringing it back.

Councilmember Vreeland clarified that the next agenda would include only the in lieu of fees.

City Manager Rhodes stated that they had the park in lieu of fees, as well as the parking in lieu of fees.

Councilmember Vreeland appreciated that. He then mentioned that he and Mayor pro Tem Digre attended a meeting sponsored by PIA, during which they discussed setting up a teen council. They were asked to return with the makeup of the council and what their first agenda items would include. He suggested that staff follow up with a PIA member to find out how they would like to proceed, and possibly return to the first meeting in July to discuss the teen council. He asked Mayor pro Tem Digre if she had any thoughts on that.

Mayor pro Tem Digre agreed with that idea, adding that they had <u>used to scheduled meetings</u> prior to the City planning meeting which they also attended.

Councilmember Vreeland stated that he saw them there and thought it was great. He also thanked the Library Foundation for the Bowl-a-Thon, stating that it was a lot of fun.

Mayor Lancelle reported that she had attended Brian O'Neil's memorial and took a proclamation. She felt it was an inspiring event and he would be missed. She mentioned reading about his life on the Parks Conservancy website. She also encouraged people to participate with the Parks Conservancy's monthly workdays on Milagra Ridge and Mori Point. She stated that the General Plan meeting was great and well attended. She also enjoyed seeing the teens participating. She stated that she was interviewed by a reporter for a magazine regarding the story of the golf course. She congratulated the Pacifica School volunteers for their recognition event. She informed everyone about a meeting on June 18 to learn about climate change. She was excited about the youth commission being on the agenda, and thanked the groups that have been helping them.

ORAL COMMUNICATIONS

Mayor Lancelle opened Oral Communications.

Tod Schlesinger, Linda Mar, read about ethics from the Institute for Local Government, touching on several qualities such as fairness, respect, equality, responsibility, etc. He reported that San Jose's City Council was voting to take a pay cut.

Kalima Salahuddin, president of Saving Pacifica's Schools, stated that they were initially formed to try to give the schools extra, but now they were using their funds to keep the schools afloat. She stated it was formed because she felt they weren't making enough noise in Sacramento to show they found the cuts unacceptable. She thought next year's test scores would decrease because of all the cuts. She reported that she was organizing a rally on June 23 in Sacramento to protest the cuts, working with other districts, and she hoped the Councilmembers would join them. She then gave them copies of the flyer.

Bernie Sifrey, Pacifica, asked who was financing the climate change meeting and hoped that no City money was involved. He then thought Item #5 was a good opportunity for the Council to bring the budget before the public.

Mayor Lancelle stated that they had pulled that item from the Consent Calendar.

Mr. Sifrey stated that he wouldn't talk about it now. He was in favor of pulling it to get the message out to the public of the predicament they were in which was beyond their control. He

then mentioned that there was an abandoned vehicle by the golf course for almost a week, adding that a rear window was now smashed. He didn't think this situation had anything to do with the budget, and it should be towed.

Mayor Lancelle asked Police Chief Saunders about the process in the case of an abandoned vehicle.

Police Chief Saunders stated that, normally, someone calls in to report an abandoned car, adding that the police don't always know about it, but they would take care of it the next day.

Theresa Dyer, 1408 Crespi Drive, wondered why the budget session was set for 12:00 rather than 6:00 or 7:00 when more people could have attended.

Mayor Lancelle stated that she would answer it after she was finished.

Ms. Dyer asked about spending \$35,000 on the Visitors' Center when Devil's Slide was closed because no one would come to Pacifica if they can't get to Half Moon Bay. The Visitors' Center stated that they had the money so they did some advertising, but she was against giving them any more money. She then stated that the golden shuttle was a big flop. She thought Councilmembers Vreeland and Nihart appeared to be thinking like the public and she thanked them for that. She agreed with their cuts, adding that she would bring up some ideas at the next budget session.

Mayor Lancelle stated that the 12:00 budget session time was suggested by staff.

City Manager Rhodes stated that it was the only time when they had all the Council available to meet. He stated that, because they wanted the budget done and ready to go to the public by June 15 prior to the final hearing, they needed to meet the timeline.

Mayor Lancelle thought they had announced it in the paper and at the previous budget meeting.

City Manager Rhodes agreed that it was set at the previous budget meeting and published in the paper and was also available on line.

Mayor Lancelle was sorry that some people missed it, but she thought they tried to get the word out.

Mayor pro Tem Digre stated that, regarding advertising, she thought the money had not come from the City but the County had helped both cities. She added that she had heard that some businesses had done better because people were stuck and shopped in Pacifica and kept coming back. She stated that there were several reasons for the golden shuttle, such as employees here from Half Moon Bay being able to get back and forth with the least burden on the families. Teens and seniors lobbied for <u>expanded and</u> longer hours as well.

Mayor Lancelle closed Oral Communications.

CONSIDERATION

8. Caltrans Property at San Pedro Avenue (Disney Construction yard) Update.

Deputy Public Works Director Ocampo stated that Dave Rogers would present the staff report.

Assoc. Engineer Rogers presented the staff report.

There were no public comments.

Councilmember Vreeland thanked staff for the work they did. He was concerned because Caltrans hasn't returned phone calls; Retail West, the agent for the market, was concerned about the blight in front of the shopping center. He felt the City would not allow any other organization to leave a trailer like that for such a length of time. The owner and lessee have not responded, and he felt they needed to send another letter asking them to remove this blight. He asked if he was correct that it was a private company using the Caltrans trailer while bidding on other jobs.

Deputy Public Works Director Ocampo agreed that their work on the tunnel was completed and they were in a month to month lease with Caltrans.

Councilmember Vreeland asked if it was a flexible lease.

Deputy Public Works Director Ocampo stated that it was a 60-day notice and each party had the right to terminate the lease.

Councilmember Vreeland stated that comments were made that the Council didn't recognize issues that businesses were facing, but he felt they did recognize them and they tried to be proactive. He reiterated that this was a blighted trailer that California has left in front of the newest remodeled shopping center in Pacifica. He asked the City Attorney if they were able to have the discussion on the bridge put on the next meeting. He had concerns about the Highway 1 bridge at San Pedro Creek and the agencies getting together to do this. He thought they could talk later, but they needed to be sure Caltrans had their attention on that. He reiterated that they should send another letter to Caltrans asking them to remove this blight from our commercial district.

Mayor Lancelle thanked him for bringing this to the Council's attention. She referred to the time when it made sense to have it there during the work on the bridge, but if they weren't using it, she agreed that it was time.

Deputy Public Works Director Ocampo asked if Council would like them to invite Caltrans to make a presentation on the status of the Devil's Slide project.

Councilmember Vreeland thought it would be great.

Deputy Public Works Director Ocampo thought it would be a good opportunity to not only get an update, but also express concerns directly to the people on the project.

Councilmember Vreeland again stated that it would be a wonderful suggestion.

Deputy Public Works Director Ocampo stated that he would inform the City Manager when he had a date.

Councilmember Vreeland stated that, if Caltrans commits to come in August, they should write the letter anyway, because they shouldn't wait that long. He thought they could say something about the trailer and invite them to a meeting.

Mayor Lancelle thought the key thing to communicate would be to focus on the trailer and the impact it has on an area being renovated. She asked if there should be a letter from her before then.

Councilmember Vreeland thought they should have a letter highlighting the issue and asking them to come to do an update on the Devil's Slide tunnel as suggested.

Deputy Public Works Director Ocampo stated that they would draft a letter for her signature, which would also include a confirmation of the date when they will come for the presentation.

Mayor Lancelle stated that she would like to assist with the wording of the letter. She felt that their case, if properly explained, was understandable. She thought they would agree with our feelings about the situation.

9. Coastside Scavenger Default of Franchise Agreement.

Admin. Services Director Ritzma presented the staff report.

Councilmember Nihart asked how many months they were still in arrears.

Admin. Services Director Ritzma stated that their recent payment would cover what was owed for August and a partial payment for September.

Councilmember Nihart referred to the irregularities, asking if that was a court order.

Admin. Services Director Ritzma stated that it was a settlement agreement.

Councilmember Nihart thought the report indicates that \$112,000 came back in rate decreases.

Admin. Services Director Ritzma stated that it was the first year under the settlement agreement and the \$112,000 was taken into account, with the rate being 5% after the deduction.

Councilmember Nihart asked where the rest went.

Admin. Services Director Ritzma stated that it would come in the second, third and fourth year of rate review, adding that those years have yet to occur.

Councilmember Nihart asked if they were attached to having current audit figures.

Admin. Services Director Ritzma stated that, in order to do a rate review, we did need current financial figures that are audited.

Councilmember Nihart asked if the audit figures they received today were from last year.

Admin. Services Director Ritzma stated that they were the preliminary figures. Staff was still going over the document to see if it provided them with the necessary information.

Mayor Lancelle opened public comments.

Therese Dyer, 1408 Crespi Drive, stated that the ordinance seemed to be outdated. She asked if it was renewed every year because, if it was the current one, it needed more teeth to it to get their

money. She felt that it discriminated against the rest of us who pay our bills. She agreed that they could put a lien on their property but it might be 20 years from now. She read from the agreement regarding the process required and asked if the City had notified them at the time specified in January and she asked if there was a way to get around it such as the fines levied by the police department for violators during 4th of July celebrations.

Admin. Services Director Ritzma responded to the delinquency question, stating that they had made an agreement to let the Scavenger company collect delinquent bills and charge for the cost as well as write off any bad debt.

Mayor Lancelle thought Coastside had been notified of the delinquency on a monthly basis.

Admin. Services Director Ritzma stated that Coastside has been aware every month that they were behind on their payments to the City and they have been notifying their delinquent customers and have turned them over to a delinquency agency.

Richard Zuromski, was happy to see the City taking this problem seriously, and hoped that this was considered in the request for the proposal process. He agreed with the previous speaker's reference to delinquencies affecting individual credit and thought it should be considered as part of the RFP proposal because, if they can't pay their bills, they should not be considered as a top candidate. He then suggested that the City consider saving time and money by having a citizen's committee to help in the RFP process, again offering his services, although he thought collecting this money would put a dent in the \$150,000 being spent for the RFP process. He agreed that the City Attorney should continue working with Coastside to try to get the money as quickly as possible.

Tod Schlesinger, Linda Mar, stated that he didn't have any complaints about their service, but stated that he has collected rent for over 30 years and suggested that they call him if they want to collect the money. He stated that, by letting things slide for six months, they've sent the wrong signal. His response to the previous speaker was "please, no more committees."

Bernie Sifrey, Pacifica, commented that Coastside's original contract was a partnership with the City. He then mentioned the sums delinquent by businesses and individuals. He had been told that Coastside was having a problem identifying the property owners and he suggested that the City work with them in identifying the owners, based on their information.

Mayor Lancelle closed public comments.

Admin. Services Director Ritzma reminded Council that staff was looking for two items, direction to move forward with a proposal for the Request for Proposals for a new contract which was about a three-year process, as well as continuing pursuit of past due fees and necessary documentation from Coastside.

Mayor pro Tem Digre thought that, in a spirit of partnership, they had been engaged in that. She felt that they were interested in helping a local company survive and were concerned about their employees, as well as the safety of all citizens. They would not want to be put in a position of having to jump at something in a crisis situation, so she felt there was a spirit of partnership.

Councilmember Vreeland asked confirmation that Admin. Services Director Ritzma had stated that the new contract proposal was a three-year process.

Admin. Services Director Ritzma stated that it was approximately a three-year process, which involved input from staff, Council, document preparation, followed by review, etc.

Councilmember Vreeland asked when Coastside got their current franchise.

Admin. Services Director Ritzma stated that it was in 1997.

Councilmember Vreeland asked if it was a 15-year agreement. He also asked if that was the first year because of Coastside's comment that they have been collecting garbage for 50 years. He asked what they were doing before that.

Admin. Services Director Ritzma thought they had several agreements with the City, but the last one was this 15-year agreement.

Councilmember Vreeland asked how long they had been collecting garbage for the City.

Admin. Services Director Ritzma stated that she would have to check because she doesn't know the number.

Councilmember Vreeland asked if it was more than 30 years.

Mayor Lancelle thought it would be.

Councilmember Vreeland stated that he was curious as to how long they had been collecting garbage for the City.

City Manager Rhodes stated that they would have to get the answer because they didn't have it.

Councilmember Vreeland concluded that this last agreement goes to 2012.

Admin. Services Director Ritzma agreed that it was 2012.

Councilmember Vreeland referred to one speaker proposing a committee, and asked that staff give the Council their thoughts on that suggestion.

Admin. Services Director Ritzma stated that two years ago, part of the proposal from the consultant included a citizen process.

Councilmember Vreeland asked, if they chose this process, whether Coastside would be eligible to compete in the RFP as well.

Admin. Services Director Ritzma responded affirmatively, adding that any provider would be eligible.

Councilmember Vreeland concluded that, aside from the other issues, the City was looking to obtain the best services for the resources paid by the citizens.

Admin. Services Director Ritzma agreed, adding that a franchise agreement was longer term because of the equipment in which a company has to invest as well as ensuring that they will meet the needs 10-15 years from now.

Councilmember Vreeland asked if it was reasonable after 10-15 years for a City to look and see if there was a private sector able to provide better services at a lower cost.

Admin. Services Director Ritzma responded affirmatively, adding that they also look at any changes in the law.

Councilmember Vreeland again confirmed that Coastside would be able to compete along with any other companies.

Admin. Services Director Ritzma confirmed that they could.

Councilmember Vreeland thought three years was a long period of time, but he would defer to the experts regarding the process, since he wasn't on the Council when the present agreement was put together. He would look to staff for answers, such as how it fits into the budget process. He then referred to the past fees, asking if they presently owed \$819,158.22.

Admin. Services Director Ritzma stated that they would owe that amount at the end of June.

City Manager Rhodes pointed out that Coastside contested those figures.

Councilmember Vreeland stated that he wasn't contesting the letter, but was asking whether that amount was what staff was projecting.

Admin. Services Director Ritzma agreed that they were projecting that amount as what will be owed by the end of June.

Councilmember Vreeland asked if they had already collected a \$250,000 letter of credit.

Admin. Services Director Ritzma stated that the City had made a demand on that \$250,000.

Councilmember Vreeland asked if it was secure.

Admin. Services Director Ritzma stated that they were waiting for information from the bank.

Councilmember Vreeland asked if Coastside had come in with \$150,000 today.

Admin. Services Director Ritzma agreed that they had.

Councilmember Vreeland asked if they received \$77,000 last week.

Admin. Services Director Ritzma stated that they had not received that amount.

Councilmember Vreeland stated that he thought their attorney's letter said they had paid that amount.

City Manager Rhodes agreed that the letter mentioned that but it was not correct.

Councilmember Vreeland stated that, if he assumed the letter of credit was collected along with the \$150,000, that would be \$400,000, and that would leave \$418,158.

Admin. Services Director Ritzma responded affirmatively.

Councilmember Vreeland asked if he was allowed to respond to the attorney's letter.

City Attorney Quick stated that he could comment on it, but staff hadn't had a chance to discuss it and prepare a response.

Councilmember Vreeland assumed that staff had also not had a chance to look at the July 31, 2008 audit.

City Manager Rhodes stated that they had just received that earlier that morning and hadn't had an opportunity to study it.

Councilmember Vreeland asked how long ago they had asked for the audit.

Admin. Services Director Ritzma stated that it was six months.

Councilmember Vreeland reiterated that they just received it today and hadn't had a chance to look at it or the attorney's letter.

Admin. Services Director Ritzma agreed, stating that the audit letter was only prepared on June 5, according to the signature by the auditing firm and the City just got it that morning.

Councilmember Vreeland asked if the general manager of Coastside knew they were going to have this discussion at this meeting.

Admin. Services Director Ritzma responded affirmatively.

Councilmember Vreeland asked if there was anyone from the company present to address the Council.

Admin. Services Director Ritzma stated that she hadn't seen anyone to come forward.

Councilmember Vreeland stated that he had quickly read the attorney's letter and they had asked for a further discussion on how they can try to make it work and how the uncollected fees were impacting their business. He then referred to the request for direction by staff, stating that he agreed that they needed to move forward with the RFP, but he would like to see the cost implications and further information which he thought was reasonable. Since they had come up with \$400,000, he felt the attorney's request to sit down with them was reasonable and he thought they should sit down with them and try to make this work. He asked confirmation of the fact that the process for collecting fees had changed recently, having previously been included with the property taxes.

City Manager Rhodes agreed that it had changed.

Councilmember Vreeland referred to the company's issues regarding their inability to collect these fees.

City Manager Rhodes acknowledged that they had been bringing that issue up.

Councilmember Vreeland felt they were trying to determine the loss of revenue and they would like to sit down and talk, and he felt they should do that. He also thought they should move

forward with the RFP because the City didn't want to have any interruption in service. He concluded that they should move forward with the RFP and find a way to make this work in the meantime.

Councilmember Nihart referred to the recent documents the City was provided and the \$150,000 check, and she was concerned about how many times they had promised to bring this current. She was concerned about repeatedly setting limits and backing down, because the message appeared to be that they didn't really mean it. She was also concerned because, if she ran her business this way, she would be in trouble. She was willing to give it two weeks, and then bring it back. She acknowledged that the City had reasons to pull the fees off the tax rolls, but she wanted to look at that. She asked when the last RFP was done for garbage collection.

Admin. Services Director Ritzma stated that she didn't find any record of an RFP, but acknowledged that going back 15 years was tough.

Councilmember Nihart stated that, since they had never done an RFP previously and Coastside was eligible to apply, she was in favor of moving forward on that process, then figuring out how they can come up with a workable solution for both parties. She commented that the figures could have been brought forward months ago to avoid having this contest or discussion, adding that there were many letters over many months by the City requesting that information. She reiterated that she was willing to give them two more weeks, but would like to move forward on the RFP.

Mayor Lancelle clarified that they were talking about Coastside, not the City, which has been very diligent in their efforts to move forward.

Councilmember Vreeland agreed with everything she said and would like to make a motion if they were willing to do that.

Mayor Lancelle suggested he go forward.

Councilmember Vreeland agreed that they should bring this back to the Council in two weeks, which will give staff time to look at the audit and the attorney's letter and give them more information, such as if an RFP was done before, and other questions asked, as well as more information on the RFP process.

Councilmember Nihart stated that they had gone on for months.

Mayor Lancelle clarified that they weren't going ahead with the RFP process for two weeks.

Councilmember Nihart saw them as two separate issues, but she was agreeable since two weeks would not hold things up too much.

Mayor Lancelle asked staff for input.

Admin. Services Director Ritzma stated that she could bring both back, reporting on where they were, as well as preliminary documents for the RFP.

City Manager Rhodes stated that they would have more details on the RFP.

Councilmember Vreeland stated that they just needed a second to his motion.

Admin. Services Director Ritzma agreed with him, stating that they were directing them to move forward.

Councilmember Vreeland asked the City Attorney if there was anything more they needed to do.

City Attorney Quick reiterated that the motion was directing them to return in two weeks with additional information, with continued efforts for recovery of the past due fees and also with more information and a possible action item to go forward with the RFP.

Councilmember Nihart clarified that it would include meeting with the involved parties.

Councilmember Vreeland agreed that it would be in the next two weeks.

Councilmember Nihart seconded the motion.

Councilmember Vreeland stated that it would also be great if Coastside could be at the next meeting.

ROLL CALL VOTE:

Ayes: Councilmembers: Vreeland, Nihart, Digre, and Lancelle.

Noes: Councilmembers: None.

Motion passed: 4-0.

10. Change in Cafeteria Plan Benefits for City Council.

Admin, Services Director Ritzma presented the staff report.

Mayor Lancelle opened public comments.

Bernie Sifrey, Pacifica, asked clarification on the meaning of cafeteria plan benefits, specifically what did the Council have before, and how was it changing both monetarily and from a benefit coverage point of view, such as when the Councilmember has a spouse or their own health insurance from outside, how does this supplement, compliment or maybe could be given up because they have insurance and gave it back to the City. From a citizen's point of view, he asked that it be spelled out.

Mayor Lancelle closed public comments.

Admin. Services Director Ritzma explained that the cafeteria plan was a plan of choices, such as health insurance, vision insurance, dependent care reimbursement, health reimbursement which meets IRS criteria. She then detailed how the cafeteria plan worked to fit each employee's needs, clarifying that the City contributed a specific amount per employee and each employee could allocate that contribution to fit their needs.

Councilmember Nihart clarified that they were separating their benefits to eliminate automatic increases while rolling it back to 2006 level.

Admin. Services Director Ritzma confirmed that she was correct that they were going back to what all units had in 2006, \$920/month.

Councilmember Nihart reiterated that it would be a cut of \$5,580.

Admin. Services Director Ritzma agreed, clarifying that it was for five Councilmembers.

Mayor pro Tem Digre moved adoption of a resolution of the City Council of the City of Pacifica confirming cafeteria benefits for City Council members; seconded by Councilmember Nihart.

Mayor Lancelle stated that she was glad that Councilmember Nihart brought it forward. She felt it was an opportunity for them to be separated.

ROLL CALL VOTE:

Ayes: Councilmembers: Vreeland, Nihart, Digre, and Lancelle.

Noes: Councilmembers: None.

Motion passed: 4-0.

11. Resolution Regarding the Proposed State of California "Borrowing" of Property Tax Funds from Cities and Counties.

Admin. Services Director Ritzma presented the staff report.

Councilmember Nihart referred to a table which showed that, since 1991/1992, there has been an increase in the amount the state has withheld from cities from \$207,000 to \$2,200,000 in the last fiscal year.

Admin. Services Director Ritzma responded affirmatively.

Councilmember Nihart stated that it was mind-boggling. She stated that one reason she wanted to pull this and talk about it was to understand that we seem to be losing to the state whatever we gain. She stated that she was in support of the resolution because it discussed what was happening by the state not balancing its own budget. She stated that her message to the public is that this has to stop. She acknowledged that the City was being creative with their budget to figure out ways to consolidate services, but she felt it made each year a bigger challenge. She hoped the public understands what this is about.

Mayor Lancelle agreed that there was an unfairness when the cities have to work so hard and be innovative to raise the money and the state can just take it away. She felt there were so many rules for them but no rules for the state in their ability to take the money away from us.

Mayor pro Tem Digre mentioned that in 2003-2004 they were hit with \$2.4 million, and asked if the League or any city had considered suing the state for taking the money.

Mayor Lancelle stated that was the year they had Prop. 1A.

Admin. Services Director Ritzma stated that the League did Prop. 1A to protect property taxes, but there was one section put in that referred to when the state was in a state of dire financial emergency, and this was such an emergency, when they can call on that 8%.

Mayor Lancelle opened public comments.

Bernie Sifrey, Pacifica, stated that he was in favor of this not being in the Consent Calendar, because they were missing an opportunity to inform the public on what the state was doing to the

cities. He felt they needed to get the message out even if it took more time. He was glad that they did it this way because the public has to know that the state was stealing from Peter to pay Paul.

Mayor Lancelle closed public comments.

Councilmember Nihart felt we had no anticipation of getting this back. She was all in favor of the resolution.

Councilmember Vreeland asked if the state was taking \$2 million from the City.

Admin. Services Director Ritzma responded affirmatively.

Councilmember Vreeland asked where that money was going.

Admin. Services Director Ritzma stated that it was going to backfill education.

Councilmember Vreeland clarified that the state took the money from the City to give to school districts across the state because it had taken school districts' money first. He stated that they have stolen from Peter, then from Paul, then from everyone. He stated that it has to stop. He felt that California government was totally broken.

Admin. Services Director Ritzma stated that the Controller told the cities that they needed the money in order to secure debt, specifically to get loans to continue to operate.

Councilmember Vreeland commented that they would be in more debt and the California he saw 20 years ago which had the best schools, the best everything, was not the California that he currently lived in. He felt it had to stop somehow. He then read from the report that the City had lost more than \$26 million over the last 17 years to the state. He wondered what the City could do with that \$26 million. He felt it was important that they include a clause that they feel there should be a Constitutional Convention called to address these problems because it was clear that Sacramento was not going to fix it. He asked the City Attorney if she had a problem with adding that.

City Attorney Quick stated that she did not have a problem with that.

Councilmember Vreeland stated that he mentioned it because the Bay Area Council had called for it.

City Manager Rhodes added that the League of Cities was also calling for it now.

Councilmember Vreeland stated that, with everyone calling for it, they needed to get together as a state and figure this out because it was not working and he felt that, in a couple of years, it would not be working for us. If the Council was okay with it, and the City Attorney didn't have any issues with it, he would like to add that to the resolution.

Mayor pro Tem Digre stated that she would second it if it was a motion.

Councilmember Nihart thought it was a great idea and that was where she would like to see it go. She agreed it was political but she was ready to make that statement herself. She agreed that the state was broken. She referred to vehicle fees they were supposed to get back and weren't,

stating that even when we get money back from the state, we don't get money back. She felt this was uncalled for. She asked who wanted to make the motion.

Mayor Lancelle stated that the motion was made and seconded to include the additional clause.

City Attorney Quick clarified that the motion included adopting the resolution as amended to include an additional clause calling for a Constitutional Convention.

Councilmember Vreeland stated that it should be consistent with what the League was saying.

City Attorney Quick asked if the second concurred.

Mayor pro Tem Digre concurred, adding that they were taking the money and the City was going to end up with homeless people in our community because we will have no way to take care of them.

ROLL CALL VOTE:

Ayes: Councilmembers: Vreeland, Nihart, Digre, and Lancelle.

Noes: Councilmembers: None.

Motion passed: 4-0.

Councilmember Nihart asked if the mayor should read the commendation for Patrick Walter.

Mayor Lancelle asked the City Attorney if they should put it off until the next meeting since he wasn't able to attend.

City Attorney Quick stated that staff would just add it to the next agenda.

Mayor Lancelle thanked everyone for being there and for their comments and adjourned the meeting at 8:50 p.m.

Transcribed by Barbara Medina, Public Meeting Stenographer.

Respectfully submitted,

Kathy O'Connell, City Clerk

APPROVED: as amended; 6/22/09 5-0

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City Council meeting 15 June 8, 2009