

**Concurrent Special Meetings Of
SONOMA CITY COUNCIL
&
COMMUNITY DEVELOPMENT AGENCY
Community Meeting Room, 177 First St. West**



**January 12, 2012
5:30 p.m.**

MINUTES

City Council
Joanne Sanders, Mayor
Ken Brown, Mayor Pro Tem
Steve Barbose
Laurie Gallian
Tom Rouse

1. CALL TO ORDER

At 5:30 p.m. Mayor Sanders called the meeting to order. No one from the public was present to provide public testimony on closed session items. The Council recessed into closed session with all members present. City Manager Kelly, City Attorney Walter, and Redevelopment Agency Counsel Slater were also present.

2. CLOSED SESSION

- Item 2A:** CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION, Significant exposure to litigation pursuant to Cal. Gov't Code section 54956.9(b): One potential case
- Item 2B:** CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION, Initiation of litigation pursuant to Cal. Gov't Code section 54956.9(c): One potential case
- Item 2C:** CONFERENCE WITH REAL PROPERTY NEGOTIATORS, pursuant to Government Code §54956.8. Property: Sebastiani Theater, 476 First Street East, Sonoma. Agency Negotiators: Councilmember Barbose, City Attorney Walter, Redevelopment Agency Counsel Slater & City Manager Kelly. Negotiating Parties: Sebastiani Building Investors, Inc. Under Negotiation: Price and terms of lease, sublease and assignment of sublease.

3. OPEN SESSION

The City Council reconvened in open session and Mayor Sanders called the meeting to order at 6:45 p.m. Public Works Director Bates led the Pledge of Allegiance.

PRESENT: Mayor Sanders and Councilmembers Barbose, Brown, Gallian, and Rouse
ABSENT: None

ALSO PRESENT: City Manager Kelly, City Clerk Johann, City Attorney Walter, Redevelopment Agency Counsel Slater, Public Works Director Bates, Management Analyst Hudson, Administrative Assistant Evans.

4. ANNOUNCEMENT REGARDING ACTION TAKEN IN CLOSED SESSION

Mayor Sanders announced that Council had not taken any reportable action while in closed session.

5. COUNCILMEMBERS' COMMENTS AND ANNOUNCEMENTS

Cm. Gallian commented on the recently aired TV reality show "The Bachelor" which was filmed in part in Sonoma.

Cm. Brown stated that he would like to see a proposal to increase the City's TOT to 12% on a future agenda. He announced a meeting of Citizens United for a Swimming Pool (CUSP) would be held on January 31 at Ramekins.

Mayor Sanders commented on a recent performance by Max Simone at the Sebastiani Theater.

6. REGULAR CALENDAR

Item 6A: Discussion, consideration and possible action regarding the impacts of the Supreme Court ruling of December 29, 2011 upholding AB1x26 and holding AB1x27 to be invalid, including discussion, consideration and possible adoption of a Resolution determining that the City of Sonoma elects to, and shall, serve as the Successor Agency to the dissolved Sonoma Community Development Agency pursuant to Health and Safety Code Section 34173 or a Resolution determining that the City of Sonoma declines to, and shall not, serve as the Successor Agency to the dissolved Sonoma Community Development Agency pursuant to Health and Safety Code Section 34173.

City Manager Kelly presented a report regarding the implications of the Supreme Court decision and explained that staff recommended that the City Council elect to serve as the successor agency to the dissolved Sonoma Community Development Agency (CDA).

Clm. Gallian inquired about the projects designated for bond proceeds. Attorney Slater stated that the three-year window was a general covenant for use of bond project funds; however it was not a hard and fast rule.

Clm. Rouse inquired how business would be conducted after 2016. Attorney Slater responded that commencing July 1, 2016 all oversight boards within a county would be combined into one. Clm. Rouse confirmed with Attorney Slater that the City's sale of bonds in 2011 had been a prudent decision.

Mayor Sanders inquired when the school districts would begin to receive the additional tax funds and if a delay in the dissolution process would reduce the amount of funds they receive. Attorney Slater pointed out that the legislation would take effect within the same fiscal year and therefore the delay would not reduce the amount of tax revenue received by the school district.

Mayor Sanders invited comments from the public. Bob Parmelee stated that the City had to become the successor agency and warned of many lawsuits to come.

Tom Hauser questioned if the City would receive additional administrative reimbursement if the dissolution was delayed until April 15. City Manager Kelly stated it would not; however, the delay would assist in the transition.

Tom Thornley inquired what effect this would have on the old Fire Station. City Manager Kelly responded that the old station was an asset of the agency and that its future would be up to the oversight board.

John Kelly stated the City should not become the successor agency because the amount of reimbursement was not enough for the amount of staff time it would require.

It was moved by Clm. Gallian, seconded by Clm. Rouse, to adopt Res. No. 01-2012 entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA, CALIFORNIA DETERMINING THAT THE CITY OF SONOMA ELECTS TO, AND SHALL, SERVE AS THE SUCCESSOR AGENCY TO THE DISSOLVED SONOMA COMMUNITY DEVELOPMENT AGENCY PURSUANT TO HEALTH AND SAFETY CODE SECTION 34173. The motion carried unanimously.

Item 6B: Discussion, consideration and possible direction to staff regarding City of Sonoma retention of housing functions and assets under AB1x 26.

City Manager Kelly presented information regarding the impacts of the Supreme Court decision as it related to the City's housing functions. She stated that Council need not make a formal decision until the January 18, 2012 meeting.

Mayor Sanders invited comments from the public. Herb Golenpaul stated there was not enough affordable housing for the very low and low income and said the City should not give away any land.

John Kelly stated that affordable housing had been the moral justification for redevelopment; however, reality indicated that the City should not retain the housing functions.

Attorney Walter pointed out that the City's zoning and General Plan designations would not apply if the property were owned by the County.

Item 6B: Retention of housing functions and assets under AB1x 26, continued.

Clm. Gallian stated that she wanted to see more information before making a decision.

Clm. Barbose noted that the cash flow was not enough to cover the expenses and stated he was concerned about the long-term liability of maintaining the housing function and the fact that the City would lose control over use of the Broadway property.

Mayor Sanders shared his concerns but said she was willing to take a chance. She said the City and its residents would have every opportunity to provide input on any future use of the property.

Mayor Sanders and Councilmembers Barbose, Rouse, and Brown all indicated that they were leaning towards not maintaining the housing function. Clm. Gallian again stated that she wanted more information. City Manager Kelly stated she would contact the County and bring back additional information at the January 18, 2012 meeting.

Item 6C: Discussion, consideration and possible adoption of a Resolution of the City making a declaration under Health and Safety Code Section 33354.8 that, during the period from January 1, 2010, to December 31, 2011, the City has not forgiven the repayment, wholly or partially, of any loan, advance, or indebtedness owed to the City by the Sonoma Community Development Agency and a Resolution of the Sonoma Community Development Agency making a declaration under Health and Safety Code Section 33354.8 that, during the period from January 1, 2010, to December 31, 2011, the Agency has not forgiven the repayment, wholly or partially, of any loan, advance, or indebtedness owed to the Agency by a public body.

Attorney Slater explained that AB 936 arose out of a controversial decision by the San Diego City Council to waive repayment of a loan to its redevelopment agency. He stated that Sonoma had not forgiven any loans. Mayor Sanders asked if staff was certain and Slater stated that the Finance Director had determined that no loans given to a public agency had been forgiven.

The public comment period was opened and closed with none received.

It was moved by Clm. Barbose, seconded by Clm. Rouse, to adopt Res. No. 02-2012 entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA MAKING A DECLARATION UNDER HEALTH AND SAFETY CODE SECTION 33354.8 THAT, DURING THE PERIOD FROM JANUARY 1, 2010, TO DECEMBER 31, 2011, THE CITY HAS NOT FORGIVEN THE REPAYMENT, WHOLLY OR PARTIALLY, OF ANY LOAN, ADVANCE, OR INDEBTEDNESS OWED TO THE CITY BY THE SONOMA COMMUNITY DEVELOPMENT AGENCY. The motion carried unanimously.

Item 6D: Discussion, consideration, and possible action on a letter of support for SB 659, a bill that would temporarily postpone dissolution of redevelopment agencies.

City Manager Kelly reported the recent Supreme Court decision to uphold legislation dissolving redevelopment agencies throughout the State, while striking the companion legislation that would have allowed the agencies to continue, imposed unrealistically tight deadlines for affected cities and agencies to comply with the requirements of the dissolution law and make critical decisions on such issues as to whether to serve as a successor agency with respect to redevelopment assets and housing programs. The deadlines left little time to address complex and difficult fiscal problems associated with the dissolution of the agencies. To allow more time to address these issues, a Senate Bill (SB 659) has been introduced that would postpone the dissolution of California's redevelopment agencies by two months. A coalition of business, labor and local government organizations including the League of California Cities and the California Redevelopment Association were seeking support for this legislation by affected cities and redevelopment agencies.

Clm. Barbose confirmed with Attorney Slater that a delay would not decrease the amount of revenue that would go to the schools.

Mayor Sanders questioned if a delay would cause increased legal fees. Mr. Slater responded that it would not and that the purpose of the legislation was to allow time for clean up of the bill and for consideration of modifications that would alleviate the burdens placed on local government.

Item 6D: Support for SB 659, continued.

Mayor Sanders invited comments from the public. John Kelly stated that control was shifting to the County and he noted that none of the Councilmembers were running for the District One Supervisor position.

It was moved by Clm. Rouse, seconded by Clm. Gallian, to send a letter of support. Mayor Sanders expressed uncertainty about any benefit to a delay. The motion carried unanimously.

7. ADJOURNMENT

The meeting adjourned at 8:38 p.m.

I HEREBY CERTIFY that the foregoing minutes were duly and regularly adopted at a regular meeting of the Sonoma City Council on the 7th day of May 2012.



Gay Johann, MMC
City Clerk