

**SPECIAL AND REGULAR MEETINGS OF THE  
SONOMA CITY COUNCIL  
&  
CONCURRENT REGULAR MEETING OF SONOMA CITY COUNCIL AS  
THE SUCCESSOR AGENCY TO THE DISSOLVED SONOMA  
COMMUNITY DEVELOPMENT AGENCY**



**February 22, 2012  
5:30 – 7:00 P.M. Special Meeting  
7:00 P.M. – Regular Meetings**

**Community Meeting Room  
177 First Street West, Sonoma CA 95476**

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

**PENSION REFORM STUDY SESSION**

**SS-1: Pension Study Session**

City Manager Kelly reported that the City Council had directed that a Study Session be held on the issue of Public Employee Pension Reform. She stated that staff had worked diligently to identify presenters and issues that would provide a balanced presentation for City Council members.

Barbara Ware, California Public Employees' Retirement System (CalPERS) Actuarial, stated that CalPERS was the nation's largest state pension fund with assets of approximately \$226 billion as of December 31, 2010. It administered retirement and health benefits for more than 1.6 million State and local public employees, retirees and their families serving the State of California and more than 3,000 contracting public agencies and school districts. Ms. Ware provided an overview of the various pension plans provided by the agency and some of the options that were available to agencies that were looking to reduce their pension costs.

City Manager Kelly provided a summary of the October 2011 "Twelve Point Pension Reform Plan" released by Governor Brown. The twelve points were: 1) Equal sharing of pension costs for all employees and employers; 2) A hybrid risk sharing pension plan for new employees; 3) Increase of retirement ages for new employees; 4) Require three year final compensation to stop spiking for new employees; 5) Calculate benefits based on regular, recurring pay to stop spiking for new employees; 6) Limit post retirement employment for all employees; 7) Felons forfeit pension benefits for all employees; 8) Prohibit retroactive pension increases for all employees; 9) Prohibit pension holidays for all employees and employers; 10) Prohibit purchases of service credit; 11) Increase pension board independence and expertise; 12) Reduce retiree health care costs for State employees

Assistant City Manager Giovanatto provided a report regarding an option to pay off the City's CalPERS unfunded liability by issuance of pension obligation bonds. She reported that the current unfunded liability was approximately \$2.9 million and the City could save approximately \$292,605 during the ten-year finance period by issuing the bonds.

Cm. Barbose requested that the issuance of bonds be on a future agenda for Council consideration.

Mayor Sanders invited comments from the public. Paul Carroll, Service Employees International Union representative, stated that the retirement age had dropped because people were retiring earlier and the proclivity for disability retirements as workers age. He pointed out that if employees were required to work longer, worker compensation claims would go up.

**REGULAR CONCURRENT MEETINGS**

Mayor Sanders called the meeting to order at 7:00 p.m. Wendy Peterson led the pledge of allegiance.

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

ALSO PRESENT: City Manager Kelly, Assistant City Manager Giovanatto, City Clerk Johann, City Attorney Walter and Planning Director Goodison, Public Works Director Bates.

**1. COMMENTS FROM THE PUBLIC**

Wendy Peterson announced that Restaurant Week was being observed throughout Sonoma County and invited everyone to participate by dining at the local restaurants.

**2. COUNCILMEMBERS' COMMENTS AND ANNOUNCEMENTS**

**Item 2A: Councilmembers' Comments and Announcements**

Clm. Brown invited everyone to the March 1 reception in honor of 2012 Alcalde Whitney Evans.

Clm. Barbose requested the meeting be dedicated in the memory of Peggy Fuer.

Clm. Gallian reported that she attended the Sweetwater Spectrum informational meeting and she requested the meeting be dedicated in the memory of Ray Giorgi.

Mayor Sanders reported that the Aswan Sister City committee was dissolving. She announced that she was running for First District Supervisor.

**3. CITY MANAGER COMMENTS AND ANNOUNCEMENTS INCLUDING ANNOUNCEMENTS FROM SUCCESSOR AGENCY STAFF**

City Manager Kelly announced staff had added a special closed session meeting to be held immediately after the current meeting. She also stated that it recently came to staff's attention that the City Council acting as the Successor Agency was advised to adopt an amended Recognized Obligation Payment Schedule (ROPS) by March 1, 2012; therefore staff requested that adoption of the amended ROPS be added to the agenda as an emergency item.

**4. PRESENTATIONS**

**Item 4A: Proclamation declaring March 2012 as Big Read Sonoma County Month.**

Mayor Sanders announced that Librarian Stephan Buffy was unable to be at the meeting but staff would be sure to provide him with the proclamation.

**5. CONSENT CALENDAR/AGENDA ORDER – CITY COUNCIL**

**Item 5A: Waive Further reading and Authorize Introduction and/or Adoption of Ordinances by Title Only.**

**Item 5B: Approval of the Minutes of the November 21, 2011, December 5, 2011, and February 6, 2012 City Council / CDA Meetings. (11/21/11 Minutes removed from consent, see below)**

**Item 5C: Approve the Assignment, Novation and Consent Agreement with GHD Inc. and Winzler & Kelly Consulting Engineers for City Engineering Services. (Removed from Consent, see below)**

**Item 5D: Approval of Fee Agreement Letter with Rutan & Tucker LLP as Special Counsel to the City of Sonoma.**

**Item 5E: Ratification Action of City Council from January 18, 2012 by approving the Resolution for a Refuse Rate Increase and Related Program Elements. (Res. No. 10-2012)**

**Item 5F: Adoption of Amendments to the Sonoma Municipal Code Establishing New and Modified Regulations Addressing Live Music Performances and Special Events.**

**Item 5G: Resolution Designating the City of Sonoma as Co-Applicant and Authorizing the Sonoma Ecology Center (SEC) to Apply for a Sonoma County Agricultural Preservation and Open Space District Grant for Improvements to Sonoma Garden Park. (Res. No. 11-2012)**

**Item 5H: Adoption of a Resolution Adopting Rosenberg's Rules of Order for Official, Noticed, Public Meetings of the City Planning Commission, Design Review Commission, Community Services and Environment Commission and Cultural and Fine Arts Commission. (Res. No. 12-2012)**

**Item 5I: Approval of City Co-Sponsorship of a Customer Service Training Event, partnering with the Sonoma Valley Visitors Bureau, at No Cost to the City.**

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

**5. CONSENT CALENDAR/AGENDA ORDER, Continued.**

Clm. Gallian removed the November 21, 2011 minutes from Item 5B. Mayor Sanders removed Item 5C. It was moved by Clm. Rouse, seconded by Clm. Barbose, to approve the items remaining on the Consent Calendar. The motion carried unanimously.

**Item 5B, November 21, 2011 Minutes:** Clm. Gallian requested that the section under "Reconvene in Closed Session" be corrected to state that Mayor Gallian made the announcement. It was moved by Clm. Barbose, seconded by Clm. Gallian, to approve the minutes as corrected. The motion carried unanimously.

**Item 5C: Approve the Assignment, Novation and Consent Agreement with GHD Inc. and Winzler & Kelly Consulting Engineers for City Engineering Services.**

Mayor Sanders stated that Winzler & Kelly had been sold and was now part of a 6,000 employee organization and she wanted the Council to have some discussion on the proposed assignment to GHD Inc.

Clm. Barbose stated he also had concerns because sometimes when a local business joins a mega-firm, the end result could be increased costs and less personal service.

Alex Culick, Winzler & Kelly Managing Principal, stated that it was a merger; however, they would still be a California corporation. He assured the Council that their employee structure would remain the same and Toni Bertolero would continue to serve as Sonoma's City Engineer.

Clm. Gallian stated that Ms. Bertolero had spoken favorably about the increased availability of services the merger would provide.

City Manager Kelly stated that staff did not have any concerns and would make Council aware of any changes to the fee schedule should that occur.

It was moved by Clm. Gallian, seconded by Clm. Rouse, to approve the agreement with GHD, Inc. and authorize the City Manager to execute it. The motion carried unanimously.

**6. CONSENT CALENDAR/AGENDA ORDER – CITY COUNCIL AS SUCCESSOR AGENCY**

**Item 6A: Approval of the Minutes of the November 21, 2011, December 5, 2011, and February 6, 2012 City Council / CDA Meetings.**

**Item 6B: Approval of Fee Agreement Letter with Rutan & Tucker LP as Special Counsel to the City of Sonoma as Successor Agency.**

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

Clm. Gallian removed the November 21, 2011 minutes from Item 6A. It was moved by Clm. Rouse, seconded by Clm. Gallian, to approve the consent calendar except for the November 21, 2011 minutes. The motion carried unanimously.

**Item 6A, November 21, 2011 Minutes:**

It was moved by Clm. Gallian, seconded by Clm. Rouse, to approve the minutes as amended in Item 5B above. The motion carried unanimously.

**Add an urgency item:**

It was moved by Clm. Barbose, seconded by Clm. Gallian, to add as Item 9A, Adoption of Amended ROPS as an urgency item. The motion carried unanimously.

**7. PUBLIC HEARING**

**Item 7A: Public Hearing and Discussion, Consideration and Possible Adoption of Resolution Establishing a Fee for Newsrack Permits.**

Laurie Decker, Economic Development Project Manager, reported that the recently adopted ordinance regulating newsracks allowed for an administrative fee to be imposed to defray the expenses of administering the constitution regulation of newsracks. She stated that staff determined that a fee of \$132.29 would cover the staff costs and associated overhead for

**Item 7A: Fee for Newsrack Permits, continued.**

administrative and field inspection duties associated with processing a newsrack permit. If more than three racks were included on a permit application, an additional fee of \$31.39 would apply for each additional rack.

The public hearing was opened and closed with no comments received.

It was moved by Clm. Rouse, seconded by Clm. Brown, to adopt Res. No. 13-2012 entitled RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA ESTABLISHING A NEW USER FEE FOR NEWSRACK PERMITS. The motion carried unanimously.

**8. REGULAR CALENDAR – CITY COUNCIL**

**Item 8A: Mid-Year Budget Review – FY 2011-12.**

Assistant City Manager Giovanatto reported that the midyear position of the General Fund reflected a deficit of \$567,400 but that should be viewed as typical due to the timing of revenue receipts and was comparable to the prior year. As anticipated in the 2011-12 Budget, major revenues were showing a slow recovery but were still slightly behind the same timeframe as the prior year. Property tax received in December and was slightly lower than the prior year. All indications are that this position will recover in the second half of the fiscal year but General Fund reserves in the amount of \$49,508 would be required per the adopted budget. The deficit amount would be amplified by the transfer of redevelopment expenses into the General Fund after February 1st. Staff calculated the additional cost to be approximately \$89,000 per month which would require a drawdown on reserves of approximately \$445,000. Giovanatto explained that the drawdown on reserves might be reduced by an Administrative fee due the Successor Agency (if allocated) or the property tax share of the former tax increment. She stated that with the costs that will become obligations of the General Fund, there would be a critical need to find additional sources of revenue to enable the City to continue to deliver the current level of public services. Presently revenues received were at 41% of budget and expenditures were at 47% of budget at midyear.

Mayor Sanders asked how the Cemetery Fund deficit was accounted for. Giovanatto stated that the City used a "pooled cash" approach and the cemetery deficit was covered by revenues in other funds.

Mayor Sanders invited comments from the public. Herb Golenpaul stated that he had requested a pay scale for City employees and had been provided one but it was dated 2010. Mayor Sanders explained that 2010 was the last time the pay scale had been changed.

**Item 8B: Discussion, Consideration and Possible Direction to Staff Regarding City Budget Following the Dissolution of Redevelopment and Loss of Redevelopment funding as of February 1, 2012, including Consideration of Revenue Enhancement Options.**

City Manager Kelly reported that the City's economic success formula over the past 28 years included the resources of the Sonoma Community Development Agency (CDA). With the dissolution of redevelopment through the December 29, 2011 State Supreme Court decision, the City was faced with a post-CDA budget scenario and needed to consider funding and budget reduction alternatives. The City was in a new era and must develop a new financial model to continue to serve its community and meet government mandates. The new financial model should be considered as time-critical since continuing the current level of public services [post-redevelopment] required a significant drawdown on General Fund reserves on a monthly basis to the tune of \$89,000 per month. This amount is derived from the fact that the City has not yet received the \$250,000 minimum Successor Agency payment nor the new property tax share. The City's reserves cannot fill this gap indefinitely. It was previously reported to the City Council on January 12, 2012 that the minimum estimated annual revenue shortfall in the General Fund (revenues versus expenses) under the new post redevelopment property tax scheme was \$493,096. This was a preliminary number and took into account the following factors: 1) The new General Fund property tax revenue; 2) The minimum administrative payment of \$250,000 to the City as the Successor Agency to the dissolved Sonoma Community Development Agency (CDA); and 3) The loss of annual redevelopment tax increment utilized for administrative, personnel costs, overhead, and internal services transfers that support City services and infrastructure.

City Manager Kelly reported that, based on a pro-forma budget detailing the line budget items immediately impacted by the loss of CDA funding; the newly revised minimum estimated

**Item 8B: Discussion, Consideration and Possible Direction to Staff Regarding City Budget Following the Dissolution of Redevelopment and Loss of Redevelopment funding as of February 1, 2012, including Consideration of Revenue Enhancement Options, continued.**

annual shortfall in the General Fund (revenues versus expenses) was \$434,926. She added that this calculation would be dependent on the review of the Recognized Obligation Payment Schedule (ROPS) and the determination of the Oversight Board.

Referencing a memo sent to Councilmembers in January, City Manager Kelly stated that she recommended moving forward with a ¼ cent sales tax measure; and if and after it passed consideration of a 2% Tourism Improvement District assessment.

In response to the question by Clm. Rouse, City Manager Kelly stated that, if the ¼-cent sales tax was enacted, the total sales tax in Sonoma would be 8.25%. In 2011 it had been 9% due to the State's temporary sales tax increase.

Clm. Brown inquired about continued funding for the Visitor Bureau. City Manager Kelly responded that, as part of the ROPS, it would need to be authorized by the Oversight Board and the Department of Finance. Clm. Brown stated that, in previous discussions, it was unclear if the TID would fund the Visitor Bureau.

Mayor Sanders invited comments from the public. Bill Blum, MacArthur Place, stated that the hoteliers supported the City Manager's recommendation. He added that "healthy tourism means a healthy City". He asked that the TID be implemented as soon as possible so that the hotels would be collecting the 2% during the peak months.

Herb Golenpaul stated his disagreement with any proposed taxes or fees.

Laurie Decker suggested Council use a polling firm if it decided to go forward with a sales tax measure.

**RECESS:** The meeting recessed from 8:35 to 8:40 p.m.

Clm. Gallian stated that a ¼ cent sales tax on the June ballot might not fill the funding gap but it would be a start. She said she also supported moving ahead with the TID at a time when it proved prudent for the City and the hoteliers at no additional cost to the City and with Visitor Bureau funding included in the agreement.

Clm. Rouse said the sales tax measure should be ½ cent since this came closer to filling the deficit and stated his support for moving ahead with the TID.

Clm. Barbose stated that if the City were to move ahead with the TID, he would want funding for the Visitor Bureau firmed up and he agreed with a ½-cent sales tax measure.

Clm. Brown stated agreement with a ½-cent sales tax measure but said he was not on board for the TID. He stated that if the City raised the Transient Occupancy Tax it could pay the Visitor Bureau from the additional revenue.

Mayor Sanders stated she would support the ½-cent sales tax provided the City did not "start spending like bandits". She would want to see the City begin paying down some of its liabilities like the pension side fund. She said she did not feel the City needed to hire a pollster and noted there had been a lot in the news regarding the loss of redevelopment and subsequent financial condition of the City.

City Attorney Walter stated that the City could not spend its own money or staff time to campaign in support of the tax measure; however, staff could provide educational material.

Mayor Sanders stated that it appeared staff had enough direction to move ahead. City Manager Kelly stated she would obtain additional information from other cities.

**Item 8C: Discussion, Consideration and Possible Action Authorizing the Mayor to Sign a Letter of Support on Behalf of the City Council for the Reintroduction of HR 192, The Gulf of the Farallones and Cordell Bank National Marine Sanctuaries Boundary Modification and Protection Act (Woolsey), Requested by Mayor Pro Tem Brown.**

Clm. Brown stated a request had been received from Congresswoman Woolsey's office for letters of support for the reintroduction of HR 192.

City Manager Kelly explained that the bill would expand the boundaries of the two sanctuaries off the Marin coast up through Sonoma and southern Mendocino to Pt. Arena. It would provide significant protection for the vital coastline.

Mayor Sanders invited comments from the public. Herb Golenpaul stated it sounded like a good idea.

It was moved by Clm. Gallian, seconded by Clm. Brown, to send the letter of support. The motion carried unanimously.

**9. REGULAR CALENDAR – CITY COUNCIL AS SUCCESSOR AGENCY TO DISSOLVED SONOMA COMMUNITY DEVELOPMENT AGENCY**

**Item 9A: Discussion, consideration and possible action on adoption of Recognized Obligation Payment Schedule (ROPS)**

Assistant City Manager Giovanatto reported that on September 18, 2011, the Agency Board of the Sonoma Community Development Agency adopted the Draft Recognized Obligation Payment Schedule [ROPS]. The draft ROPS listed the minimum amounts that must be paid by the future successor agency over a six (6) month period to fulfill its enforceable obligations during that period. Subsequent to this action, the City Council opted to become the Successor Agency for the former Sonoma Community Development Agency. Continuing with the steps necessary to comply with the new legislation, the City Council acting as the Successor Agency must adopt the ROPS by March 1st. Once the ROPS are approved by the Successor Agency, it will be presented to the Oversight Board. Since the preparation of the draft ROPS in September, additional clarification on the content of the ROPS has been transmitted by Successor Agency Counsel and the ROPS had been expanded to meet the requirements of ABx26 and the Department of Finance.

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

It was moved by Clm. Rouse, seconded by Clm. Brown, to approve the ROPS as presented by staff for presentation to the Oversight Board. The motion carried unanimously.

**10. COMMENTS FROM THE PUBLIC**

Herb Golenpaul announced that March 1 would be St. David (Patron Saint of Wales) day.

**11. COUNCILMEMBERS' REPORTS AND FINAL REMARKS**

**Item 11A: Reports Regarding Committee Activities.**

Clm. Barbose reported that the Waste Management Agency was moving ahead with the plastic bag ban; however Rohnert Park was not on board.

Clm. Gallian reported on the Mayors' and Councilmembers' Association and Cittaslow meetings.

Mayor Sanders reported on the Disaster Council meeting and announced that the library would reopen on March 20. The Friends of the Library were concerned about the blue drop box bins around town and would like to see the crosswalk on Napa Street relocated.

**Item 11B: Final Councilmembers' Remarks.**

Clm. Brown stated that a constituent had inquired when the mobilehome park rent control ordinance discussed. City Manager Kelly stated that there had been outreach to the park owners and the item was tentatively scheduled for some time in March. Clm. Brown stated that he heard the Aswan Sister City Committee had folded up.

**12. PUBLIC COMMENTS REGARDING CLOSED SESSION**

There were no comments from the public.

Council convened in closed session at approximately 9:15 p.m. with all members, the City Manager and the City Attorney present.

**13. CLOSED SESSION**

**Item 13A:** 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 & City Manager Kelly. Negotiating Parties: Sebastiani Building Investors, Inc. Under Negotiation: Price and terms of lease.

**14. RECONVENE IN OPEN SESSION & REPORT ON CLOSED SESSION**

At approximately 9:30 p.m. Council reconvened in open session and Mayor Sanders announced that no action had been taken.

**15. ADJOURNMENT**

At 9:31 p.m. Mayor Sanders adjourned the meeting in the memory of Peggy Fuer and Ray Giorgi.

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

  
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Gay Johann, MMC  
City Clerk