

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

*Community Meeting Room, 177 First Street West
Monday, March 5, 2012*

**5:30 p.m. Closed Session (Special Meeting)
6:00 p.m. Regular Session**

MINUTES

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



5:30 P.M. – SPECIAL MEETING - CLOSED SESSION

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.

This Closed Session was cancelled. A notice advising the public of the cancellation was posted on the door to the Community Meeting Room prior to 5:30 p.m.

6:00 P.M. – REGULAR MEETING

The City Council reconvened in open session and Mayor Sanders called the meeting to order at 6:05 p.m. Richard Schreuder 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, Public Works Director Bates, Planning Director Goodison, Police Chief Sackett, Fire Chief Garcia.

REPORT ON CLOSED SESSION

Mayor Sanders announced that the closed session had been canceled.

1. COMMENTS FROM THE PUBLIC

Herb Golenpaul reminisced about the “good ole’ days”.

American Legion members Richard Schreuder, Terry Leen, and Gary Magnani requested to be on a future agenda to present information regarding the Spirit Box program as a means of honoring war heroes. Councilmembers Brown and Gallian supported the request.

2. COUNCILMEMBERS’ COMMENTS AND ANNOUNCEMENTS

Item 2A: Councilmembers’ Comments and Announcements

Cm. Rouse mentioned that the Design Review Commission Alternate position was vacant and that two Councilmembers would be elected in November and he encouraged citizens to get involved and to volunteer for service to the community.

Cm. Barbose reported that the Alcalde reception, reformatted to an afternoon event, went very well.

Cm. Brown reported the Alcalde reception ended up in the black and he volunteered to organize it again next year. He reported that the Student Representative position on the Community Services and Environment Commission was vacant.

Cm. Gallian reported participation in Restaurant Week promotion and attendance at the Alcalde reception and Green Drinks which honored Supervisor Valerie Brown.

Mayor Sanders mentioned a newspaper article regarding a prospective sister city in Hungary and announced that the matter would come before the City Council for a decision in the near future.

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

City Manager & Successor Agency Staff Kelly reported the Oversight Board would need to meet prior to April 19 to adopt the payment schedule. At the request of Mayor Sanders, Public Works Director Bates reported that the Water Agency would conduct a feasibility study regarding fluoridation of the water supply.

4. PRESENTATIONS

Item 4A: Proclamation recognizing the 100th Anniversary of Girls Scouts of the USA

Mayor Sanders greeted Girl Scout Leader Jessa Ranks and a number of scouts and then presented them the proclamation. Ms. Ranks announced they would be commemorating the event with a ceremony on the Plaza.

Item 4B: Proclamation Declaring March 2012 Community Center Month

Mayor Sanders commended Executive Director Swett for her dedication to the Center and the community and then presented her the proclamation. Ms. Swett thanked the City Council for their ongoing support.

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: Award of Contract to John Benward Company, Inc. for the Broadway Waterline Extension Project No. 1202 in the amount of \$29,579.00.

Item 5C: Approve the Notice of Completion for the Comprehensive Bike Lane and Signing Project No. 0901 constructed by Chrisp Company and Direct the City Clerk to File the Document.

Item 5D: Approval and Ratification of the Appointment of Leslie Tippell to the Design Review Commission for a term ending March 5, 2014.

Mayor Sanders removed Item 5B on behalf of staff and said the item would be carried over.

It was moved by Clm. Rouse, seconded by Clm. Brown, to approve the items remaining on the Consent Calendar. The motion carried unanimously. Councilmembers Brown, Barbose and Gallian acknowledged Leslie Tippell and thanked her for her continued service on the Design Review Commission.

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

7. PUBLIC HEARING

Item 7A: a) Consider, discuss and possibly adopt a resolution making findings that, because of an existing fiscal emergency, an election on a proposed new sales tax must occur before the next regular municipal election.

b) Consider, discuss and possibly adopt a resolution calling an election on June 5, 2012, to ask the voters to approve a one-half cent [or one-quarter cent] general transactions and use tax.

c) Consider, discuss and possibly adopt a resolution providing for the submittal of arguments and rebuttal arguments pertinent to the said one-half cent [or one-quarter cent] general transactions and use tax measure and identifying the author of said arguments and rebuttal arguments on behalf of the City of Sonoma.

City Manager Kelly explained that with the dissolution of redevelopment through the December 29, 2011 State Supreme Court decision, the City faced a post-redevelopment budget scenario and needed to consider funding and budget reduction alternatives. She said the City needed to develop a new financial model to continue to serve the 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

Item 7A: Consideration of Sales Tax Ballot Measure, Continued

General Fund reserves on a monthly basis of approximately \$85,000 per month at a minimum. She explained that amount was derived from the fact that the City has not yet received the \$250,000 minimum Successor Agency payment or the anticipated new property tax share. She said that even when those amounts were received, the City would be in a deficit position, and the City's General Fund reserves could not fill the gap indefinitely.

Assistant City Manager Giovanatto presented a pro-forma budget detailing the line budget items immediately impacted by the loss of Sonoma Community Development Agency (CDA) funding. The minimum estimated annual shortfall in the General Fund (revenues versus expenses) as detailed was \$434,926. She said that amount did not take into account \$800,000 which has been expended annually from prior redevelopment funding on the City's roads, streets and related infrastructure. When added in, the annual projected deficit was \$1,234,926.

City Manager Kelly reported that, per the February 22, 2012 City Council direction, staff had prepared the necessary documentation and findings for the City Council to consider taking action to place a City sales tax measure on the June 5, 2012 election ballot. The first action would be the adoption of a resolution containing findings of a fiscal emergency based, among other things, on the elimination of redevelopment and the resulting General Fund deficit and the service and expenditure reductions which would be required if a new General Fund revenue source were not found. City Manager Kelly added that resolutions calling the election and establishing criteria for ballot arguments were also to be considered. Attorney Walter stated that prior to adoption of the emergency declaration resolution, Council needed to determine the amount and duration of the proposed sales tax.

Mayor Sanders commented that a ¼ percent would cover administration and ½ percent would begin to cover some of the capital. Clm. Rouse stated that a ½ percent was needed to keep the City whole. Mayor Sanders stated that they could pass ¼ percent now and go out with a general obligation bond to cover future road repairs. City Manager Kelly stated that other options included an assessment district, Transient Occupancy Tax (TOT) increase, parcel tax, or a dedicated sales tax.

Mayor Sanders opened the public hearing. Robert Parmelee inquired how much the election would cost and stated he felt it would be difficult to pass because of the complexity of issues put before the voters. Mayor Sanders responded the election could cost up to \$32,000.

Robert Felder stated the resolutions needed to clarify that it would be ¼ or ½ percent tax; not ¼ or ½ cent tax. He added he would support ½ percent tax.

Ted Sexauer stated that Proposition 13 was the reason the tax was needed and mentioned that Veterans cost of living raise this year was 3.5%. He added that Council needed to consider the voice of Occupy Wall Street.

Bill Blum stated he had been on the City's prior Budget Committee and had been appointed by Supervisor Brown to serve on the Oversight Committee and that he strongly supported the proposal for a ½ percent sales tax. He said the City ran a tight ship and there was very little additional cutting that could be done without effecting quality of life issues. He pointed out that 75% of the City's sales tax revenue was generated by visitors.

Herb Golenpaul said he could support a ½ percent sales tax; suggested reducing the amount spent on roads to \$400,000 a year, and suggested a 2% increase to the TOT.

Jennifer Yankovich, Executive Director Sonoma Valley Chamber of Commerce, stated the input she had received from the community had been positive and said the Chamber would partner with the City in support of the measure.

Dr. Kathy Hargett spoke in support of the measure sighting the potential impact on the City's support of key non-profit service providers without it.

David Cook supported ½ percent and stated the term was the most critical issue to decide.

John Kelly stated he had also served on the City's prior Budget Committee and he supported the ½ percent tax. He said the measure belonged on the November ballot which would allow Council candidates to debate the pros and cons of it and because the City had known about this for months which did not justify an emergency.

Item 7A: Consideration of Sales Tax Ballot Measure, Continued

Dan Parks disagreed with Kelly and stated the time was now. He expressed support for the ½ percent tax. Seeing there were no additional comments, Mayor Sanders closed the public hearing.

It was moved by Clm. Barbose, seconded by Clm. Brown, to adopt the resolution entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA FINDING AND DECLARING THAT AN EMERGENCY EXISTS THAT REQUIRES ASKING THE VOTERS TO APPROVE A TRANSACTIONS AND USE TAX BEFORE THE NEXT REGULAR ELECTION FOR THE CITY COUNCIL.

Clm. Barbose stated that waiting for the November election would be a train wreck in terms of competing tax measures on the ballot and the City would continue to suffer the \$89,000 monthly deficit. He stated that it was not until the demise of the redevelopment agency that the City became aware of the gravity of its situation.

Clm. Gallian agreed this was the right time. She stated this was a way for the voters to choose how they want to resolve the budget shortfall.

Councilmembers Rouse and Brown agreed with Barbose regarding the reasoning for placing the measure on the June ballot.

Mayor Sanders pointed out she had not received one phone call against the proposal and she felt it was a good time to take the pulse of the public. She pointed out that the District One Supervisor contest provided plenty of opportunity for debate of the issue.

Mayor Sanders commented that property tax revenues would go up as property values increased. Clm. Rouse stated that he felt five years was fair to the residents. Mayor Sanders invited additional comments from the public regarding the term of the proposed tax.

Bill Blum and David Cook supported ten years. Jennifer Irving spoke in favor of the tax. Herb Golenpaul supported five years. John Kelly said the City had a long term budget issue and should be thinking of a long term solution he suggested putting a provision in to cease the tax at a time when a majority of Councilmembers felt the emergency no longer existed.

Clm. Brown felt a five year tax would have a better chance of passing and stated he would also support raising the TOT to 12%. Clm. Gallian agreed.

Clm. Barbose and Clm. Brown amended the previous motion to incorporate a ½ per cent tax for a period of five years into the resolution. The motion carried unanimously.

City Manager Kelly reported the resolution calling the election, contained the following draft ballot measure wording: "To preserve the safety, public services and quality of life of Sonoma, and provide funding for essential services such as police, fire and emergency medical services, street and road maintenance and repairs, flood prevention, park and open space maintenance, graffiti abatement and other general community services, shall an ordinance be adopted temporarily increasing the City sales tax by one-half percent for a term of 5 years with all funds to be spent locally?"

She added that the local sales taxes throughout jurisdictions in Sonoma County were in the range of 5 years (Cities of Cotati and Rohnert Park), 8 years (City of Santa Rosa), 20 years (SMART, Transportation [Measure A], Open Space, City of Santa Rosa), and no sunset (City of Sebastopol). Kelly added that the Council had the option of including provisions in the sales tax ordinance which call for the preparation of an annual report and establishment of a citizen's oversight committee that meets once each year to review the financial documentation showing how the additional tax revenues were spent and prepare a report of its findings to the Council.

It was moved by Clm. Rouse, seconded by Clm. Brown, to adopt the resolution entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA, CALIFORNIA CALLING A SPECIAL ELECTION TO ASK THE VOTERS OF THE CITY OF SONOMA TO APPROVE A 5-YEAR GENERAL TRANSACTIONS AND USE TAX OF ONE HALF OF ONE PERCENT; AND REQUESTING THAT THE BOARD OF SUPERVISORS OF THE COUNTY OF SONOMA CONSOLIDATE THE ELECTION WITH THE ESTABLISHED ELECTION TO BE HELD ON TUESDAY, JUNE 5, 2012, AND DIRECT THE COUNTY ELECTIONS DEPARTMENT TO CONDUCT THE ELECTION ON THE CITY'S BEHALF.

Item 7A: Consideration of Sales Tax Ballot Measure, Continued

Attorney Walter stated the Council needed to consider the proposed ballot language, and whether to add provisions to the ordinance relating to reporting requirements and an oversight committee.

Clm. Barbose stated he was not in favor of an oversight committee, noting there was no mystery where the money would be spent and he did not feel any reporting requirements outside the normal annual financial audits were necessary. Councilmembers indicated a concurrence and the motion being put to a vote carried unanimously.

City Manager Kelly reported that the City Council could designate the Mayor, the Council, or a number of Councilmembers to write the argument in favor of the measure and staff recommended that the same persons who are authorized to author and sign the original argument also be authorized to author and sign the rebuttal argument. Mayor Sanders stated that some members of the community were interested in signing the argument and she was interested in having all Councilmembers sign it.

Attorney Walter advised that no more than two Councilmembers could write the argument outside of a meeting. Council reached unanimous consensus that Councilmembers Rouse and Brown, in conjunction with staff, would draft the argument to be signed by two Councilmembers and three community members.

It was moved by Clm. Rouse, seconded by Clm. Brown to adopt the resolution entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA, CALIFORNIA, SETTING PRIORITIES FOR FILING WRITTEN ARGUMENTS RELATED TO THE JUNE 5, 2012 SPECIAL MUNICIPAL ELECTION. The motion carried unanimously.

8. REGULAR CALENDAR – CITY COUNCIL

Item 8A: Discussion, consideration and possible ratification of Mayor’s appointments to the Oversight Board of the Successor Agency to the dissolved Sonoma Community Development Agency.

City Manager Kelly reported that, pursuant to Assembly Bill 1X 26, the Mayor could appoint two nominees to the Oversight Board of the Successor Agency to the dissolved Sonoma Community Development Agency. Pursuant to the City Council’s standard practice for commission and committee appointments, the Mayor would submit the names for consideration and request ratification of the nominees by the City Council.

Mayor Sanders announced that she was prepared to appoint herself but that she wanted to interview possible appointees representing the employee organization prior to making that appointment. She pointed out that Supervisors Brown and Carrillo had appointed themselves and that she felt very capable to represent the City. In response to the question by Clm. Barbose, Attorney Walter stated it was okay for the Mayor to appoint herself.

The public comment period was opened and closed with none received. It was moved by Clm. Brown, seconded by Clm. Rouse, to ratify the appointment of Mayor Sanders to the Oversight Board. The motion carried unanimously.

Item 8B: Discussion, consideration and possible action on a draft ordinance establishing new regulations for Formula Businesses.

Planning Director Goodison reported that on December 19, 2011, the City Council conducted an initial review of the recommendations of the Ad Hoc Committee on Formula Businesses, voting 3-2 to direct staff to develop and process ordinance language that would impose new regulations on formula businesses. In a subsequent discussion of a potential moratorium on formula businesses that occurred on January 18, 2012, the Council provided additional direction as follows: 1) the draft ordinance would be reviewed by the Council prior to being referred to the Planning Commission; and 2) option areas would be presented with respect to the various components of a formula business ordinance.

Goodison stated that the draft ordinance reflected the recommendations of the Ad Hoc committee and subsequent direction provided by the City Council, as follows: 1) Formula businesses (encompassing retail, personal services and restaurants) would be regulated by use permit through a two-tiered approach that would be more restrictive in the vicinity of the Plaza. 2) A business within a chain with 9 or fewer locations would not be classified as a “Formula

Item 8B: Discussion, consideration and possible action on a draft ordinance establishing new regulations for Formula Businesses, Continued

Business” and would not be subject to any new form of review. 3) A business within a chain of 10-249 stores would be defined as a “Formula Business, Small” and would be allowed subject to use permit review (including within the Plaza Retail Overlay Zone), except that within specified large shopping centers, no use permit would be required. 4) Businesses within a chain of 250 or greater would be prohibited in the Plaza Retail Overlay zone, but allowed subject to use permit elsewhere (except, again, that there would be no use permit requirement in large shopping centers, as specified).

Mayor Sanders invited comments from the public.

Ben Boyce encouraged the Council to move forward with the ordinance. He stated that an important principal was at stake involving a commercial interest and culture and that he felt there was widespread support for some kind of regulation.

Bob Edwards agreed with Mr. Boyce stating that if the character of the Plaza retail zone was lost; the economic value would also be lost.

Roger Wright stated he owned property on the Plaza and wanted its value protected. He said he would support stronger restrictions than what was being proposed.

Jack Carter and Stuart Titlebaum spoke in support of the regulations.

Jennifer Yankovich stated that the Chamber would support utilization of the Use Permit process and a definition of Formula Business as one with 1000 or more stores.

Katie Bailey identified herself as a business owner. She supported limiting Formula Businesses to those with fewer stores to encourage boutique-type businesses.

Cm. Barbose stated this was not a novel idea and noted many cities that had adopted similar ordinances. He said he was open to discussing how to make it more effective and pointed out that, as written, the ordinance encompassed the entire City. He said the function of the ordinance was the preservation of the historic character of the City and pointed out that the committee had not considered using the Historic Overlay District as the boundary for the regulations. Barbose stated he was willing to reduce the covered area to the Historic Overlay District and would be amenable to limiting the restrictions on the Plaza to large scale restaurants only.

Cm. Rouse stated that he was still not in favor of a ban and felt they had dire consequences. Noting there were three votes in favor; he would support restricting the area to the Historic Overlay Zone.

Mayor Sanders stated she would like to utilize the design review process and would support requiring a use permit for any fast food restaurant chain. She said as it is written, the ordinance would not allow the Williams Sonoma store to return to its birthplace. Barbose pointed out that was why he was suggesting limiting the restrictions to restaurants.

Mayor Sanders asked if there were three votes to ban large scale (250 stores or more) formula restaurants on the Plaza. Cm. Gallian stated that 250 seemed too small. Cm. Brown said he could go along with it. Mayor Sanders stated there seemed to be support. Cm. Barbose proposed that the 250 store limit would only apply to chain restaurants in the Plaza Retail Overlay District and at any other location they would have to apply for a use permit. The council on a 3-2 vote, with Mayor Sanders and Councilmember Rouse dissenting, voted to revise the proposed ordinance to prohibit chain restaurants with 250 or more locations from the Plaza Retail Overlay District.

Cm. Barbose inquired if all were in support of the geographic area being citywide. Cm. Gallian stated she wanted to address the issue that arose when Staples came to town. Cm. Barbose suggested that a use permit be required for formula businesses within the Historic Overlay District and for any business over 10,000 square feet. Councilmembers Brown and Gallian agreed. The council approved on a 3-2 vote, with Mayor Sanders and Councilmember Rouse dissenting, to revise the proposed ordinance to require a use permit for a formula business within the Historic Overlay District and for one of 10,000 square feet or more outside the Historic Overlay District.

Item 8B: Discussion, consideration and possible action on a draft ordinance establishing new regulations for Formula Businesses, Continued

Mayor Sanders said she wanted to go on record that she bowed out because there was no common ground. The Chamber's wishes had not been considered as much as she would have liked. She reminded everyone that a key commercial building on the Plaza had sat vacant for almost ten years and a vibrant community could not have a lot of vacant storefronts.

CIm. Barbose stated he had been collaborative in the compromises he came prepared to make.

CIm. Brown stated there were multiple reasons the Creamery building remained empty.

Goodison explained that the next step would be for the Planning Commission to conduct a public hearing on the ordinance and forward a recommendation to the City Council.

Item 8C: Discussion, consideration and possible action on a presentation from Citizens United for a Sonoma Pool (CUSP) as directed at the City Council meeting of November 21, 2011.

City Manager Kelly reported that on November 21, 2011, the City Council requested CUSP to move forward with the goal of reporting back to Council in three months; directed the City Manager serve as the liaison between CUSP and the School District; and authorized staff to spend more than an hour on the subject. She said the CUSP group had been meeting regularly and held a town hall forum regarding a community swimming pool on January 31, 2012.

Sam Coturri reported that they continue to seek donors and were still in the early stages of planning and fundraising. He said they had moved away from the High School property and had identified a few other possible locations. He said that potential donors wanted a feasibility study before moving ahead and they would like to continue their efforts for another three to six months.

CIm. Barbose inquired about the status of the Maxwell site. Coturri stated that they did not make much traction there and were looking at other County properties within the City. CIm. Brown added that Supervisor Brown had pointed out that Maxwell was not an ideal property for the swimming pool as it would diminish the existing playing fields.

Mayor Sanders asked why they moved away from the High School property. Coturri responded that they met with school representatives and determined that scheduling issues would limit the use of the pool and it would not raise enough revenue. He said the pool needed to be more available to the general public than what the school could accommodate.

CIm. Rouse stated that CUSP was going outside the box and seeking private dollars to get a pool built.

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

Mr. Coturri said they would report back to Council on June 5, 2012.

9. REGULAR CALENDAR – CITY COUNCIL AS THE SUCCESSOR AGENCY

10. COUNCILMEMBERS' REPORTS AND FINAL REMARKS

Item 10A: Reports Regarding Committee Activities.

CIm. Gallian reported attendance at the Open Space District and Water Advisory Committee meetings.

Mayor Sanders stated that the Legislative Committee changed its meeting dates fairly often and she had been unable to attend a meeting lately.

Item 10B: Final Councilmembers' Remarks.

Mayor Sanders stated she was pleased with the unanimous votes regarding the upcoming election and she appreciated the support of the hotel community and the Chamber.

10. COMMENTS FROM THE PUBLIC

Herb Golenpaul asked if restrictions of use on the Plaza amounted to restraint of trade. Attorney Walter responded it would not.

11. ADJOURNMENT

The meeting was adjourned at 9:39 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 2nd day of April 2012.

Gay Johann, MMC
City Clerk