

**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, April 2, 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

CLOSED SESSION

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 and City Attorney Walter were also present.

Item 2A: **CONFERENCE WITH REAL PROPERTY NEGOTIATORS.** Property: Old Fire Station, 32 Patten Street, Sonoma. Agency Negotiator: Linda Kelly, City Manager & Jeff Walter, City Attorney. Negotiating Parties: Foothill Partners. Under Negotiation: Price and terms of payment. Pursuant to Government Code §54956.8.

REGULAR MEETING OPENING

The City Council reconvened in open session and Mayor Sanders called the meeting to order at 6:00 p.m. Assistant City Manager Giovanatto 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.

REPORT ON CLOSED SESSION - Mayor Sanders stated that no reportable action had been taken.

1. COMMENTS FROM THE PUBLIC

David Artson reported that Herb Golenpaul was unable to attend the meeting due to illness.

Wendy Peterson, Sonoma Valley Visitors Bureau, thanked the City Council for co-sponsoring the April 5, 2012 customer service training event which would feature author Bryan Williams and was being hosted at MacArthur Place. She announced that they had a tremendous response and all sessions were full.

Lin Marie deVincent read aloud a very colorful and playful "citizens proclamation" in honor of Clm. Brown's 65th birthday (April 2). Jennifer from Infineon Raceway presented Clm. Brown with a limited edition Infineon baseball cap. Clm. Brown stood, placed the cap on his head and received a round of applause from the audience.

Ed Kenney reported that he was in the hospital when their parcel tax passed and that he told them he did not vote for it.

Josie Engersoll, a "Firehouse Neighbor", requested an update on the status of 32 Patten Street.

2. COUNCILMEMBERS' COMMENTS AND ANNOUNCEMENTS

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

Clm. Brown read into the record the Rebuttal to the Argument Against Measure J:

Sonoma is a world class city for its residents and tourists alike. Sonoma is a safe haven and we are duty bound to keep it that way. For years redevelopment funds have been used prudently and wisely to benefit our residents and local

Item 2A: Councilmembers' Comments and Announcements, Continued

businesses alike. These funds are gone for now and into the foreseeable future. It falls to Sonoma to solve the financial crisis brought on by the State.

Why risk our collective future at the hands of the State government? For a few cents a day, we can keep our City services strong and viable. Here in the Bear Flag City our independence is a real and present day living history. There is no intention whatsoever to use this money for a swimming pool.

The City has now contracted out both Fire and Police. With currently 36 City employees, the City runs lean and efficient.

Help keep Sonoma, Sonoma. We ask you to work together with us to be a part of protecting and preserving Sonoma for you, your neighbors and future generations.

City Attorney Walter explained that Councilmembers Brown and Rouse had been delegated the task of drafting the supporting and rebuttal arguments and that Clm. Brown presented this as a report back to the entire Council.

Clm. Brown reported attendance at the Pets Lifeline volunteer party.

Clm. Rouse welcomed the new businesses that had opened recently.

Clm. Gallian reported attendance at the Pets Lifeline event and that she participated in a workshop relating to the study of business startup models.

Mayor Sanders announced the first meeting of the Oversight Board on April 4, 2012 and a Supervisor Candidate forum on April 5, 2012. She asked the City Manager to provide an explanation of the next steps regarding 32 Patten. Clm. Brown added that the Oversight Board meeting would be televised.

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

City Manager Kelly responded to Josie Engersoll that 32 Patten was now under the direction of the Oversight Board and would be discussed at one of their future meetings. She noted that the Oversight Board agendas were available on the City's website.

4. PRESENTATIONS

Item 4A: Proclamation declaring April 2012 Autism Awareness Month in the City of Sonoma.

Mayor Sanders stated that the proclamation took on a special meaning for her and noted the recent groundbreaking for the Sweetwater Spectrum development. She stated that she had a nephew with autism. She presented the proclamation to a group of Sweetwater Spectrum representatives.

Mark Jackson thanked the Council for the proclamation and spoke on behalf of the group.

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: Request by the Congregation Shir Shalom for City-subsidized use of the Sonoma Valley Veterans Memorial Building on October 28, 2012. Approved subject to applicant's compliance with the City's standard insurance requirements.

Item 5C: Approval of the Minutes of the March 5, 2012 Meeting.

It was moved by Clm. Rouse, seconded by Clm. Brown, to approve the consent calendar as presented. The motion carried unanimously.

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

Item 6A: Approval of the portions of the Minutes of the March 5, 2012 City Council / Successor Agency Meetings pertaining to the Successor Agency.

It was moved by Clm. Gallian, seconded by Clm. Rouse, to approve the consent calendar as presented. The motion carried unanimously.

7. PUBLIC HEARINGS – None Scheduled

8. REGULAR CALENDAR – CITY COUNCIL AS THE SUCCESSOR AGENCY

Item 8A: Discussion, Consideration and Possible Action on Adoption of Administrative Budget for Administrative Allowance.

Assistant City Manager Giovanatto reported AB 26 provided for an administrative cost allowance, at a minimum of \$250,000, to provide funds for the Successor Agency to wind down the affairs and administer the debt repayment of the former redevelopment agency. *“Administrative cost allowance” means an amount that, subject to the approval of the oversight board, is payable from property tax revenues of up to 5 percent of the property tax allocated to the successor agency for the 2011-12 fiscal year and up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the successor agency for each fiscal year thereafter...* (Section 3417[b] of AB 26)

Giovanatto stated that based on current information on how the allocation formula was calculated, staff believed that the City, as Successor Agency, was eligible for the minimum payment of \$250,000 administrative cost allowance for FY 2011-12 and that once the budget was approved it would go to the Oversight Board for approval.

Item 8A: Administrative Budget for Administrative Allowance Continued

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

It was moved by Clm. Barbose, seconded by Clm. Rouse, to approve the budget for Successor Agency administrative cost allowance. The motion carried unanimously.

9. REGULAR CALENDAR – CITY COUNCIL

Item 9A: Presentation and discussion regarding the future of the Sonoma Valley War Memorial Veterans Building by County Parks, requested by Mayor Sanders and Mayor Pro Tem Brown.

Mayor Sanders stated she had requested this update because the Veterans Building was important to the City and its citizens.

Carol Hart, Sonoma County Regional Parks Director, reported that due to budget constraints, last year the County issued a Request for Proposals (RFP) for operation of each of the seven veterans halls in the County. Proposals had been reviewed and contracts were being negotiated for most of the halls. She stated that two proposals were submitted for the Sonoma hall; however one was subsequently withdrawn. Hart stated that the Board of Supervisors had not made a decision regarding the Sonoma hall and that its operation had been funded through 2013. She noted that management of the halls was being transferred out of the Regional Parks Department into the General Services Department.

Ms. Hart explained that the halls were built to serve as a memorial and a meeting place for veterans and that the Military Code required that meeting space be provided to Veterans free of charge. She reported that they had met several times with Sonoma Veterans who had expressed a lot of concern over the future of the facility. She said that the one Sonoma proposer may have withdrawn due to the requirement to pay a possessory interest tax and uncertainty about the amount of the tax.

Clm. Gallian expressed concern regarding the increased fees for use of the building. Hart stated that the County did away with the non-profit reduced fees but that there were no additional fee increases being proposed.

Item 9A: Sonoma Valley War Memorial Veterans Building, Continued

Mayor Sanders invited comments from the public. Gerry Orme stated that the City should not be exempt from the increased fees.

Kathy Swett, Sonoma Community Center, stated she had met with Ms. Hart and discussed in general terms the possibility of the Community Center operating the Sonoma facility.

Jeanne Williams stated that the Veterans Building was the only facility in town suited to the needs of the Sonoma Valley Chorale and that they took a huge hit with the fee increase.

Mayor Sanders commented that she was not aware of the tax issue until now. Clm. Brown stated it was incumbent on the Supervisor candidates to take this issue seriously. Clm. Gallian said she wanted to take up the issue of reinstating the non-profit rental rates; perhaps putting it on a future agenda or by sending a letter to the Supervisors.

Mayor Sanders stated that the Council needed to be kept up to date regarding the future of the building and any proposals for its operation. She suggested that Council consider development of criteria for use in considering the future allocation of rent subsidies.

Item 9B: Discussion, consideration and possible direction to staff regarding the formation of a Tourism Improvement District, including discussion, consideration and possible adoption of Resolution declaring the City's intention to establish the Sonoma Tourism Improvement District (STID) and fixing the time and place of a public meeting and a public hearing thereon and giving notice thereof, and setting the initial term of the STID as two, three, four or five years, requested by Mayor Sanders.

City Manager Kelly reported that Council had prior discussions regarding formation of a Sonoma Tourism Improvement District (STID) and that Mayor Sanders was interested in moving ahead with the formation process. She stated that since the last time Council considered the request from the hoteliers, their proposed Management District Plan had been revised to include support to visitor center services. She went on to explain that under the proposal the assessment would be 2% on all overnight room stays in the City limits including all types of lodging – hotels, bed and breakfasts, and vacation rentals. The assessments would represent approximately \$440,000 per year in collections and would be applied towards sales promotion and marketing programs to market Sonoma lodging businesses as overnight tourist, meeting and event destinations, in addition to support for visitor center services.

City Manager Kelly provided additional background material and presented a schedule for the formation process, and stated that if Council wished to commence the STID formation process, a Council decision on the initial term of either two, three, four or five years would need to be made

In response to a question by Clm. Barbose, City Manager Kelly explained that the \$218,000 annual marketing and promotion service agreement with the Sonoma Valley Visitor Bureau would be paid as part of the Recognized Obligation Payment Schedule (ROPS) if approved by both the Oversight Board and the Department of Finance (DOF). Clm. Barbose confirmed with staff that we should know by the June 18, 2012 public hearing date if the expenditure was approved by the DOF. He said he had been contacted by someone in the lodging industry who wanted to know if the assessment would be applied to reservations made prior to the effective date of the assessment. City Manager Kelly responded that paragraph number 7 in the proposed resolution of intention stated “...Assessments pursuant to the STID shall not include room rental revenue resulting from stays pursuant to contracts executed prior to July 1, 2012.”

Clm. Gallian confirmed that the hoteliers were not proposing to issue bonds and that any changes to the program would have to be approved by the City Council.

Clm. Rouse stated that some were concerned that if the City's sales tax measure did not pass in June and the Council had moved ahead with the STID, it would then be difficult to pass an increase to the Transient Occupancy Tax. He stated his support for moving ahead with formation of the STID and noted that the outcome on the sales tax measure would be known prior to Council's final action on the STID and the Council could decide not to approve it at the June 18, 2012 hearing.

Mayor Sanders stated that if the sales tax did not pass the City would be cutting the budget. She stated her support for moving forward and noted that the investment in marketing would

Item 9B: Formation of a Tourism Improvement District, Continued

benefit restaurants, all local businesses, and would result in an increase in TOT revenue. She invited comments from the public.

Bill Blum, MacArthur Place, stated the hoteliers had submitted petitions representing the lodging businesses that will pay more than 50% of the assessment proposed requesting the City to initiate the proceedings to form the STID. He said the STID would be formed for the purpose of generating room nights for those members paying into and benefitting from the assessment. Although the assessment would benefit the hotels, the ultimate benefit would be to the City of Sonoma.

Erica Ecorlono, a tourism professional, urged the Council to move ahead with the STID and reminded everyone that it was not a tax; it was an assessment paid by visitors to the City.

David Cook stated his support for the STID.

Bob Edwards said it was not a good idea for many reasons. He cautioned that moving ahead would make it difficult to pass a future TOT increase and could confuse people regarding the sales tax proposal.

Dan Parks, Inn at Sonoma, said they (the hoteliers) considered themselves partners with the City and would work with the City on the tax proposal. He said the STID would benefit hoteliers but would also very much benefit the City.

Melanee Cottrill identified herself as a paralegal with Civitas and a representative of hoteliers. She reported there were approximately 65 TIDs in the State, which raised around \$132 million dedicated to marketing. In response to a question by Clm. Gallian, she stated that the proposed administrative costs were low by industry standards and would be overseen by the Board of Directors. In response to a question by Clm. Brown, she explained that the purpose of the May 7, 2012 public meeting was to provide an opportunity to receive input from the community.

It was moved by Clm. Gallian to adopt the resolution entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA DECLARING ITS INTENTION TO ESTABLISH THE SONOMA TOURISM IMPROVEMENT DISTRICT (STID) AND FIXING THE TIME AND PLACE OF A PUBLIC MEETING AND A PUBLIC HEARING THEREON AND GIVING NOTICE THEREOF to include a five year term. Clm. Barbose stated concern about an initial five-year term and suggested a three-year term. Clm. Gallian amended her motion to include a three-year term and it was seconded by Clm. Barbose.

Clm. Brown stated that he remained adamantly against this and said it would create confusion and make it harder to pass the sales tax measure. He said he would be more comfortable with five elected persons making decisions on how to spend the money. Clm. Rouse said he felt both could pass with hard work.

Mayor Sanders stated it was an opportunity for the City to reduce its expenses and she doubted if the DOF would approve the \$218,000 annual payment to the Visitor Bureau.

Clm. Barbose stated that with the demise of redevelopment, the City was losing \$89,000 a month. He felt optimistic that the sales tax measure would pass and if not; the Council could revisit this issue. He said he was pleased to hear that the hoteliers were willing to partner with the City in support of a TOT increase and with their willingness to incorporate funding of the Visitor Bureau. He also expressed doubt that the DOF would approve the Visitor Bureau funding.

The motion to adopt the resolution carried four to one, Clm. Brown dissented.

Item 9C: Discussion, consideration and possible action regarding a request to install a temporary art installation or banner on the Plaza in conjunction with the Sonoma International Film Festival's special event on the Plaza, requested by Councilmember Brown.

City Manager Kelly reported that Clm. Brown was requesting Council support for allowing the SONOMAWOOD art installation made by Sonoma Valley High School students to be displayed on the Plaza during the Sonoma International Film Festival's special event on the Plaza, April 11-15, 2012.

Item 9C: Sonoma International Film Festival Banner, Continued

In response to a question by Mayor Sanders, Mary Cutcliffe explained that the sign would be placed on the Plaza horseshoe lawn south of the Palm tree. Ms. Cutcliffe stated she had met with Parks personnel to determine the best location.

Clm. Brown stated that this would be a great way to support the Film Festival in a non-monetary way. He moved, and Clm. Gallian seconded, that the request be approved with the applicants working closely with staff on the placement of the sign. The motion carried unanimously.

10. COUNCILMEMBERS' REPORTS AND FINAL REMARKS

Item 10A: Reports Regarding Committee Activities.

Clm. Rouse reported attendance at the Sonoma Valley Citizens Advisory Committee meeting.

Clm. Gallian reported attendance at the Cemetery Subcommittee meeting and announced that it was decided to let the committee go dormant for a while. She also attended the Audit and Ag and Open Space meetings.

Item 10B: Final Councilmembers' Remarks.

Mayor Sanders asked that correspondence be sent to Herb Golenpaul and Jim Parks wishing them speedy recoveries from their illnesses.

10. COMMENTS FROM THE PUBLIC

Christine Armstrong stated that she would continue to campaign for a community swimming pool.

11. ADJOURNMENT

The meeting was adjourned at 8:15 p.m. with get-well wishes going out to Jim Parks and Herb Golenpaul.

I HEREBY CERTIFY that the foregoing minutes were duly and regularly adopted at a regular meeting of the Sonoma City Council on the 16th day of April 2012.

Gay Johann, MMC
City Clerk