

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

Community Meeting Room, 177 First Street West, Sonoma CA



**Monday, August 18, 2014
5:00 p.m. (Special Meeting in the EOC)
6:00 p.m. (Regular Meeting)**

MINUTES

City Council
Tom Rouse, Mayor
David Cook, Mayor Pro Tem
Steve Barbose
Ken Brown
Laurie Gallian

STUDY SESSION

SS1: Study Session with the Community Services and Environment Commission Regarding the Special Event Policy

PRESENT: Councilmembers Barbose, Cook, Brown, Gallian and Mayor Rouse.
Commissioners Blattner, Blum, Frizzell, Kelley, Rateaver, Stuckey and Chairman Petlock.

ALSO PRESENT: City Manager Giovanatto, Assistant City Manager Johann, Associate Planner Atkins, Management Analyst Rogers.

Associate Planner Atkins reported that the Community Services and Environment Commission (CSEC) had conducted a thorough review of the Special Event Policy and were recommending some amendments. She described the major changes being recommended. An open dialog between Councilmembers and Commissioners then took place regarding the changes being proposed and various aspects of special events and their impacts on the community.

City Manager Giovanatto explained that CSEC would finalize the proposed revisions to the Special Event Policy at their next meeting and then forward it to the City Council for consideration.

REGULAR MEETING

Mayor Rouse called the meeting to order at 6:00 p.m. Robert Friedman led the Pledge of Allegiance.

CITY COUNCILMEMBERS PRESENT: Barbose, Brown, Cook, Gallian and Mayor Rouse.

OTHERS PRESENT: City Manager Giovanatto, Assistant City Manager/City Clerk Johann, City Attorney Walter, Planning Director Goodison, Finance Director Hilbrants, Public Works Director Takasugi, and Police Chief Sackett.

1. COMMENTS FROM THE PUBLIC

Larry Barnett questioned if the three-minute speaking limitation was a recommendation or a requirement. Mayor Rouse responded that the three-minute rule applied unless prior authorization had been obtained for additional speaking time.

Jack Wagner spoke about the need for an increased minimum wage.

Don Bandur stated that his prior requests to staff and the City Council that playground facilities be replaced had been ignored. Mayor Rouse invited Mr. Bandur to contact him to discuss the issue.

Rachel Hundley announced she would have a candidate campaign table at Farmers Market and stated that she had been hearing concern from residents about safety issues on 5th Street West.

Paul Watts suggested that the City convert its crosswalks to the Continental Cross Walk style.

Joanne Sanders stated that she supported a swimming pool but did not support the Council using City tax dollars for construction of a pool located outside the City.

Harry Blum, responding to a recent editorial, defended the weekly Tuesday Night Farmers Market on the Plaza.

2. MEETING DEDICATIONS

Clm. Brown dedicated the meeting to former Mayor Jerry Tuller. Clm. Gallian dedicated the meeting to Roger "Deets" Winslow.

3. PRESENTATIONS

Item 3A: Proclamation Recognizing the Redwood Credit Union Upon the Occasion of the Grand Opening of the new Sonoma Branch

Mayor Rouse read aloud the proclamation recognizing Redwood Credit Union's involvement with and support for the community and acknowledging the grand opening of their new, improved full service branch on West Napa Street. He presented the proclamation to Chief Executive Officer Cynthia Negri and Branch Manager Jose Alvarez who invited all to the Grand Opening celebration on August 28.

Item 3B: Proclamation Recognizing the Sonoma League for Historic Preservation Upon Their 45th Anniversary

Mayor Rouse read aloud the proclamation recognizing the 45th anniversary of the Sonoma League for Historic Preservation and their efforts to educate, promote interest in, and advocate for the preservation of historic buildings and neighborhoods. Boardmembers Barbara Wimmer, Robert Demler, and Charles Bingaman received the proclamation and invited all to attend their August 20th 45th Anniversary Party.

4. CONSENT CALENDAR/AGENDA ORDER – CITY COUNCIL

Item 4A: Waive Further reading and Authorize Introduction and/or Adoption of Ordinances by Title Only.

Item 4B: Approval of the Minutes of the July 21 and August 7, 2014 City Council meeting. (July 21 minutes were removed from Consent, see below)

Item 4C: Approval of the allocation of free days use at the Sonoma Veteran's Memorial Building as requested by the Sonoma Community Center (Thanksgiving Dinner, Sonoma Community Center (Fashion Trashion), and Valley of the Moon Lions (Crab Feed).

Item 4D: Approval and ratification of the appointment of Fred Allebach to the Community Services and Environment Commission for a two-year term.

Item 4E: Approval and ratification of the appointment of Mary Piasta-Valluzzo to the Community Services and Environment Commission for a two-year term.

Item 4F: Approval and ratification of the appointment of Alice Liddell as the Alternate for the Community Services and Environment Commission for a two-year term.

Item 4G: Adoption of Resolution Extending the Sonoma County Abandoned Vehicle Abatement Program. (Res. No. 40-2014)

Item 4H: Adoption of Plans and Specifications and Award of Contract to Argonaut Constructors, lowest responsible bidder, for the 2014 Road Rehabilitation and Water Services Replacement Project No. 1401 in the amount of \$736,823.50.

Item 4I: Approve the Notice of Completion for the 2014 Citywide Slurry Seal Project No. 1403 Constructed by VSS International, Inc. and Direct the City Clerk to File the Document.

Clm. Barbose removed the July 21 minutes and asked they be carried over to the next meeting. It was moved by Clm. Gallian, seconded by Clm. Barbose, to approve the consent calendar except for the July 21 minutes. The motion carried unanimously.

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

Item 5A: Approval of the portions of the Minutes of the July 21 and August 7, 2014 City Council meeting pertaining to the Successor Agency.

It was moved by Clm. Gallian, seconded by Clm. Cook, to approve the consent calendar except for the July 21 minutes. The motion carried unanimously.

6. PUBLIC HEARING – None Scheduled

7. REGULAR CALENDAR – CITY COUNCIL

Item 7A: Discussion, consideration and possible action on the adoption of a Resolution declaring the City's intention to renew the Sonoma Tourism Improvement District (TID) and fixing the time and place of a public meeting and a public hearing thereon and giving notice thereof, and setting the renewal term of the TID.

City Manager Giovanatto reported that the Sonoma Tourism Improvement District (TID) was formed in 2012 for a three-year term for the purpose of funding programs that specifically benefit lodging businesses. The City had maintained a seat on the TID Board since inception and had verified the actions of the Board including expenditure of funds as well as monitoring the activities of the contractual marketing services of the Sonoma Valley Visitors Bureau. She stated that they had met their stated goals and objectives in the initial years of formation and were now requesting a renewal of the district for an additional ten-year period. Giovanatto stated that the petition for renewal had been signed by 96% of the lodging establishments. If approved the TID would continue the 2% assessment on all overnight room stays in the City of Sonoma, including all types of lodging; hotels, bed and breakfast inns and vacation rentals for the explicit purpose of "generating room nights" for those members paying into and benefitting from the assessment. The assessments, during the proposed renewal period, would amount to approximately \$550,000 per year in collections; a 25% increase over the initial year of District approval. Under the Management Plan, the TID would continue to reimburse the City for costs related to the collection of the assessments in an amount equal to 1% of the total amount collected.

Giovanatto stated that proposed action before the Council was to determine whether or not to move forward by declaring its intention to renew the TID, and determine whether to renew the TID for 10 years or some period less than the requested 10-year period.

Clm. Gallian stated that she would not be at the October 6 Council meeting and asked that the proposed public hearing date be changed to October 20. City Manager Giovanatto responded that would not be a problem.

Mayor Rouse inquired if there was any data available comparing the City's increased occupancy rates to regional activity. Giovanatto stated she did not have that information.

Mayor Rouse invited comments from the public. David Eichar stated that the only evidence of increased occupancy was the increase in the Transient Occupancy Tax (TOT) collections. He said there could be various other reasons for that increase such as the improved economy and the efforts of the Sonoma County Tourism Bureau. Mr. Eichar stated he would like to see additional data on occupancy rates.

Bill Blum, TID Board Member and General Manager of MacArthur Place, stated that a majority of the TID board was present and wanted to thank the City for its support. He said that the best evidence of the success of the TID was in the fact that the City's TOT revenue increased a million dollars in the first two years of its existence. Blum, on behalf of the TID Board, asked the Council to renew it for an additional ten years.

Larry Barnett stated that although the TID seemingly had a positive effect he felt that TIDs represented an unhealthy trend by creating a non-governmental taxing agency responsible only to its Board and not to the citizens. He stated the laws establishing TIDs was a masterful effort to work around anti-trust laws. He pointed out that if the had City raised the TOT rate by 2%, it would have received the \$500,000 into its coffers instantly.

Carla Heine stated that credit needed to be given to the hotels that put a lot of effort into their own marketing strategies.

Clm. Barbose stated that the million-dollar increase in TOT was impressive; that the TID Board was doing its job and he supported its renewal although he felt five years was enough.

Clm. Gallian stated that having the City Manager on the TID Board was a big plus. Clm. Cook asked what would be the benefit of a ten-year renewal over five years. TID Boardmember and Renaissance Lodge General Manager Suzy Hart stated that coming up with a competitive marketing plan every five years was difficult. She stated that the mid-week marketing piece was what was bringing the occupancy level up to 80%.

Clm. Brown and Mayor Rouse expressed their support for renewing the TID with Mayor Rouse pointing out that the tourist industry was the City's bread and butter. It was moved by Clm.

Item 7A: **Renewal of the Sonoma Tourism Improvement District (TID), Continued**

Gallian, seconded by Clm. Cook, to adopt Resolution Number 41-2014 entitled A Resolution of the City Council of the City of Sonoma Declaring Its Intention to Renew the Sonoma Tourism Improvement District (STID) and Fixing the Time and Place of a Public Hearing and a Public Hearing Thereon and Giving Notice Thereof with the date of the public hearing changed to read October 20, 2014. The motion carried unanimously.

Item 7B: **Discussion, Consideration and Possible Action on the Results of the Vacation Rental Review Program including a Discussion of the City's Existing Ordinance Provisions Regulating Vacation Rentals.**

City Manager Giovanatto reported that in October 2013, the Council authorized staff to secure an agreement with MuniServices LLC to conduct an audit of properties within the City limits which were operating as vacation rentals without benefit of registering with the City under the requirements of the Transient Occupancy Tax Ordinance. The process undertaken by MuniServices included researching various data sources to identify vacation rentals including MuniServices' proprietary data warehouse and external internet web sites such as AirBnB and VRBO. As a result of the consultant's work, 46 properties were identified of which 37 required follow-up action by MuniServices and/or the City's Planning Department. Revenue identified through review of financial records submitted by the properties owners included \$36,072 in Transient Occupancy Tax Revenue and \$4,815 of Business License Tax Revenue. MuniServices received 45% of the attained revenue and the City netted \$22,488. Giovanatto stated that staff was seeking direction from the Council on whether to retain the services of MuniServices to continue the review process on a limited bi-annual basis.

Planning Director Goodison reported on the land use and zoning implications of the issue and explained that the Planning Department had begun reaching out to the effected property owners that had been identified in the audit.

Mayor Barnett invited comments from the public. Larry Barnett stated that, while on the City Council in 1999, he championed the City's vacation rental regulations and the Preserving Sonoma Committee research had disclosed how big the unregulated vacation rental problem was. He was happy to see the City follow up and suggested consideration of adding a provision for rooming houses.

Joanne Sanders stated that she was experiencing seeing lots of people in her neighborhood on East Napa Street that she did not recognize. One neighbor added a pool house and she had noticed an increase in the number of cars and people which she felt was an indication that the pool house was being rented out. She stated it was important for people to know who they were living next to, who their neighbors were.

Patricia Cullinan stated she found it interesting that the City believed the numbers that had been provided by the illegal establishments and she questioned if they were following all the health regulations.

Cathy Grant suggested that there be some type of vacation rental disclosure provided to people when purchasing real estate.

Bill Blum stated that the TID worked in partnership with MuniServices in preparing the audit. He suggested that vacation rentals should only be allowed in commercial areas, not in established neighborhoods.

Rachel Hundley stated her support for enforcing the rules and that it made sense to outsource the task of the audit.

Liza Graves, Beautiful Places, stated she specialized in vacation rentals and urged the Council to enforce its regulations because lack of enforcement created an unfair business environment.

David Eichar stated that he owned a vacation rental located in Boyes Hot Springs and he did not feel vacation rentals competed with hotels because they were utilized by families desiring places with kitchens. He felt the City did not need an outside resource to conduct the audit.

Pat Collins stated that she rented out a bedroom in her home and had submitted about \$3,000 to the City. She said there should be a separate category for that type of rental.

Item 7B: Vacation Rental Review Program, Continued

Jeannie Allen reported her history of operating a vacation rental and stated that they would like to be able to rent out a bedroom because they like having people in their home. She said there would be no bigger impact to her neighborhood than if they were having friends over for a visit.

Joan Geary stated there were many reasons for not allowing vacation rentals and she commended the City for its regulations.

Morgan Sanders stated that the fabric of the community was being frayed by the transiency problem created by vacation rentals. He urged the City to enforce its ordinance and put some fines in place for those who violate the rules.

Anna Frizell stated that affordable housing needed to be a part of the consideration.

Mayor Rouse commented that he too had experienced packs of strangers in his neighborhood and stated his support for enforcing the regulations and keeping neighborhoods free of short-term renters. He supported keeping MuniServices on board and would like to look into an enforcement officer. Clm. Barbose stated he would like to see consideration of an additional category that would permit the renting of a room and he agreed with the idea of an enforcement officer. Councilmembers Gallian, Brown and Cook also agreed. Mayor Rouse concluded by stating that the Council agreed to continue the contract with MuniServices, consider a code enforcement officer, and consider adding a rooming house category to the regulations.

RECESS: The meeting recessed from 8:22 to 8:30

Item 7C: Approval of a Resolution declaring a Stage 2 Water Shortage, responding to the State's Drought Emergency Water Conservation Regulations.

Public Works Director Takasugi reported that on July 15, 2014, the State Water Resources Control Board adopted Article 22.5 entitled "Drought Emergency Water Conservation Regulations" which made drought-related findings and imposed state-wide mandatory requirements on urban water suppliers. He said the City of Sonoma was an Urban Water Supplier with nearly 4,500 water service connections. Takasugi stated that although it had been a drought year, the City was not desperate due Lake Sonoma's water level. He described the water restrictions that would be implemented if Council declared a Stage 2 Water Shortage and recommended that turf irrigation be limited to Mondays and Thursdays.

Mayor Rouse invited comments from the public. Bob Felder stated that the City asked its citizens time and time again to restrict their water usage and he felt it was time to prohibit new water connections until the current crisis was over. He also said the City should impose a water impact fee on new construction for funding necessary water infrastructure.

Jack Wagner supported the proposed action and stated there should be a fine for those who did not comply. He felt the City should look at and encourage grey water usage.

Pete Segre asked how the turf watering regulation would be enforced and expressed doubt that would achieve the desired result. Mayor Rouse responded it would be complaint driven.

Rachel Hundley supported the restrictions and said the City should be a leader in conservation efforts.

Michele Sabine stated that the long awaited for improved water bill promised by the City had not yet materialized. She said people would be able to accomplish better conservation if they had more usage information.

Clm. Cook stated the City should drill a well on the Plaza and look for other water storage solutions. Clm. Barbose stated he did not feel the City was doing enough, that it should be proactive going forward. He said that installation of a grey water system was easy and pointed out that Sonoma was the only city that required a permit to do so. He agreed with a well on the Plaza and that new hookups should be restricted.

Clm. Gallian stated there was a lot more the City could do through partnerships with the Water Agency. It was moved by Clm. Gallian, seconded by Clm. Brown, to adopt Resolution Number 42-2014 entitled A Resolution of the City Council of the City of Sonoma Declaring a Mandatory Stage 2 Water Shortage Alert. The motion carried unanimously.

Item 7D: Consider adopting Resolution Approving (1) Central Landfill and Former Landfills Settlement Agreement (“Settlement Agreement”) with County of Sonoma, (2) Waste Delivery Agreement with Republic Services of Sonoma County, Inc. (“Republic”), (3) Franchised Hauler’s Agreement to Be Bound by City’s Waste Delivery Commitment with Republic and Sonoma Garbage Collectors, Inc., and (4) Committed Cities Contingent Liability Fund Agreement with other cities; and Making CEQA Findings and Certifications that: (a) the Central Site FEIR and Reopening Addendum approved by the County of Sonoma in 1998 and 2013, respectively, were considered by the Sonoma City Council in approving the above-mentioned documents and adequately address the environmental impacts of the improvements to the Central Landfill Site for continued operations, incorporates necessary mitigation measures and adopts appropriate statements of overriding consideration with respect to significant environmental impacts related to the operation and future expansion of the Central Landfill Site; (b) those environmental documents have adequately reviewed any potentially significant impacts associated with the activities proposed under the Waste Delivery Agreement and Franchised Hauler’s Agreement to Be Bound by City’s Waste Delivery Commitment, and with the mitigation measures adopted by the County will not have a significant environmental impact other than those for which the County adopted statements of overriding consideration which said statements the City Council re-adopts as its own; and (c) the Settlement Agreement and Contingent Liability Fund Agreement are exempt from CEQA review because it can be seen with certainty that there is no possibility that the activities contemplated thereunder may have a significant impact on the environment.

City Attorney Walter reported that every other Sonoma County city, except Petaluma, would be adopting similar documents. He stated that after nine years of negotiations, the staffs and attorneys of the cities of Sonoma County and the County of Sonoma were recommending entering into a Settlement Agreement and ancillary agreements to resolve the competing claims the agencies had been asserting over the assignment of liability for the costs of closing the County’s Central Landfill site, and attendant post-closure costs, all of which were estimated to amount to \$52.1 million. The County had already entered into a Master Operations Agreement with Republic to operate the Central Landfill Site, except for the composting and household hazardous waste operations, and in return Republic had agreed to pay for those costs. However, that Master Operations Agreement was contingent on the County entering into the Settlement Agreement with the cities, and the cities entering a Waste Delivery Agreement (“WDA”) with Republic under which the cities agree to commit their respective waste streams to the Central Landfill Site for 25 years. Additionally, the cities were proposing to enter into a Committed Cities Contingent Liability Fund agreement under which \$5/ton in gate fees would be collected by Republic and set aside during the life of the WDA to cover any contingent liabilities arising out of the operations, closure and post-closure of the Central Landfill and Former Urban Landfill sites not otherwise paid for by Republic and/or the County.

The public comment period was opened and closed with none received. It was moved by Clm. Barbose, seconded by Clm. Brown, to adopt Resolution Number 43-2014 entitled RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE FOLLOWING AGREEMENTS: 1) CENTRAL LANDFILL AND FORMER LANDFILLS SETTLEMENT AGREEMENT WITH COUNTY OF SONOMA; 2) WASTE DELIVERY AGREEMENT WITH REPUBLIC SERVICES OF SONOMA COUNTY INC.; 3) FRANCHISED HAULER’S AGREEMENT TO BE BOUND BY CITY’S WASTE DELIVERY COMMITMENT WITH REPUBLIC AND SGC; AND 4) COMMITTED CITIES’ CONTINGENT LIABILITY FUND AGREEMENT WITH OTHER COMMITTED CITIES. The motion carried unanimously.

8. REGULAR CALENDAR – CITY COUNCIL AS THE SUCCESSOR AGENCY

9. COUNCILMEMBERS’ REPORTS AND COMMENTS
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Councilmembers Cook and Brown announced their office hours. Clm. Brown reported on the Oversight Board and Mayor and Councilmembers’ meetings. Clm. Barbose reported on a meeting of Sonoma Clean Power. Clm. Gallian reported on a meeting of the Water Advisory Committee and announced she had received a scholarship to attend the Economics for Sustainability conference which was why she would not be in attendance at the October 6 Council meeting. Mayor Rouse reported on the Facilities Committee Meeting.

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

City Manager Giovanatto announced the following: Council would hold a special study session on August 25, 2014 for review of the water rate study. The Cultural and Fine Arts Commission was seeking nominations for the Treasure Artist of the Year Award. There was a vacancy on the Countywide Bicycle and Pedestrian Advisory Committee. The City had begun phase two of the sidewalk sawcutting project.

11. COMMENTS FROM THE PUBLIC

Jack Wagner reported hearing fears from a retirement community that Sonoma would experience what was going on in Ferguson Missouri. He inquired if the Police Department had obtained any used military equipment.

12. PUBLIC COMMENTS REGARDING CLOSED SESSION

The public comment period opened and closed with none received.

13. CLOSED SESSION

At 9:21 p.m. the City Council, with all members present, convened in closed session described below. Also present was City Manager Giovanatto and Planning Director Goodison.

CONFERENCE WITH REAL PROPERTY NEGOTIATORS. Pursuant to Government Code §54956.8. Property: Montini Property, AP# 018-021-006, 018-011-017, 018-031-003, 127-051-105 and 127-051-106, Sonoma. Agency Negotiators: Planning Director David Goodison, City Attorney Jeff Walter & City Manager Carol Giovanatto. Negotiating Parties: Sonoma County Agricultural Preservation and Open Space District. Under Negotiation: Potential amendment of Transfer Agreement under which property is to be conveyed to the City.

14. RECONVENE IN OPEN SESSION & REPORT ON CLOSED SESSION

At 9:40 p.m. the Council reconvened in open session and Mayor Rouse announced that no action had been taken.

15. ADJOURNMENT

The meeting was adjourned at 9:42 p.m. in the memory of Jerry Tuller and Roger "Deets" Winslow.

I HEREBY CERTIFY that the foregoing minutes were duly and regularly adopted at a regular meeting of the Sonoma City Council on the 3rd day of September 2014.

Gay Johann
Assistant City Manager / City Clerk