

MINUTES
OF THE
SACRAMENTO CITY COUNCIL
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT COMMISSION
SACRAMENTO CITY FINANCING AUTHORITY

REGULAR MEETING

JANUARY 10, 2002

The Regular Meeting of the Sacramento City Council was called to order by Mayor Fargo at 2:10 p.m. on the above date in the City Council Chamber located at 915 I Street.

ROLL CALL

Present: Council Members Cohn, Hammond, Jones, Pannell, Sheedy, Tretheway, Waters, Yee and Mayor Fargo

Absent: None

1.0 SPECIAL ORDER OF BUSINESS

1.1 Selection of Vice-Mayor for calendar year 2002. (D-All)

Councilmember Pannell, who served as Vice-Mayor for 2001, stated that she had enjoyed the experience, and was particularly proud to have been part of the development process for the City's Mission Statement.

A motion was made by Councilmember Pannell to nominate Councilmember Waters to serve as Vice-Mayor in 2002.

Councilmember Yee expressed his satisfaction at being able to second the motion nominating Mr. Waters.

Councilmember Cohn commended Ms. Pannell for the good job she had done in 2001, and that he was looking forward to serving with her on the Regional Transit Board. Mr. Cohn expressed his support of Mr. Waters' nomination.

Councilmember Jones expressed his gratitude to Ms. Pannell for her good work and spoke in support of Mr. Waters' nomination.

The motion passed with a 9-0 vote, all ayes.

Councilmember Waters commented that he had been a member of the City Council for 7.5 years, and in all of that time, this was the most cohesive Council on which he had served. He cited the outstanding accomplishments of this Council, and added that he was looking forward to serving District 7 and the whole city.

2.0 **CONSENT CALENDAR** (Items 2.1 through 2.11)

A motion was made by Council Member Hammond, seconded by Council Member Pannell, to waive the reading and adopt the Consent Calendar, Items 2.1 through 2.11. The motion carried with a 9-0 voice vote.

Public Review Items - Informational Only

None

Sacramento Housing and Redevelopment

None

City Council Items

- 2.1 Resolution of Official Intent of the Sacramento City Financing Authority to reimburse certain expenditures from Proceeds of Indebtedness. (D-All)

Adopted City Financing Resolution 2002-001.

FINANCING AUTHORITY RESOLUTION NO.
2002-001

RESOLUTION OF OFFICIAL INTENT OF THE
SACRAMENTO CITY FINANCING AUTHORITY
TO REIMBURSE CERTAIN EXPENDITURES
FROM PROCEEDS OF INDEBTEDNESS

- 2.2 Approval of Supplemental Agreement No. 2 to Agreement 2000-144 in the amount of \$14,500 for the Broadway/Stockton Master Plan Study (PN:TU71), located on Broadway from Martin Luther King Boulevard to Stockton Boulevard, and Stockton Boulevard from Broadway to Riza Avenue. (D-5,6)

Adopted Resolution 2002-001.

RESOLUTION NO. 2002-001

RESOLUTION APPROVING SUPPLEMENTAL AGREEMENT NO. 2 IN THE AMOUNT OF \$14,500 FOR THE BROADWAY/STOCKTON MASTER PLAN STUDY (PN:TU71)

- 2.3 Update Data for the City of Sacramento Pavement Management Application (PMA) System by Stantec Consulting Inc. in the amount of \$161,808. (D-All)

Adopted Resolution 2002-002 approving Agreement 2002-001.

RESOLUTION NO. 2002-002

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH STANTEC CONSULTING, INC.

- 2.4 L Street Barge Replacement Project (PN:KC11) - Ratification of Negative Declaration and approval of the project, located on L Street at the Sacramento River Waterfront in Old Sacramento. (D-1) (requires two-thirds vote)
- A. Approve the suspension of competitive bidding and authorize the City Manager or his authorized designee to negotiate and enter into contracts for:
- Purchase of a suitable used replacement barge for the existing L Street Barge;
 - Retrofitting the replacement barge as needed;
 - Improving barge access facilities to include ADA compliance;
 - Disposal of the existing barge.
- B. Ratify the Negative Declaration.

Adopted Resolutions 2002-003 and 2002-004.

RESOLUTION NO. 2002-003

A RESOLUTION APPROVING SUSPENSION OF COMPETITIVE BIDDING AND AUTHORIZING THE CITY MANAGER TO ENTER INTO CONTRACTS FOR THE L STREET BARGE REPLACEMENT PROJECT (PN:KC11)

RESOLUTION NO. 2002-004

A RESOLUTION RATIFYING THE NEGATIVE
DECLARATION FOR THE L STREET BARGE
REPLACEMENT PROJECT (PN:KC11)

- 2.5 911 Dispatch & Training (EC21), located on San Joaquin Street and Redding Avenue - award of Architectural Design Contract and temporary transfer from General Fund Administrative Contingency. (D-6)
- A. Award the architectural design contract to Nacht & Lewis Architects;
 - B. Authorize a temporary transfer of Administrative Contingency funds;
 - C. Execute the first phase of work on this project, the Concept Design Assessment Phase;
 - D. Direct staff to return to Council with options to reduce or defer project cost, cost estimates, risk assessments and recommendations for consideration by the Council.

Adopted staff recommendation approving Agreement 2002-002.

- 2.6 Approval of Parcel Map entitled "North Natomas Place" (P00-094), located on the northeast corner of Natomas Crossing Drive and Innovator Drive. (D-1)

Adopted Resolution 2002-005.

RESOLUTION NO. 2002-005

APPROVING PARCEL MAP ENTITLED "NORTH
NATOMAS PLACE" (P00-094)

- 2.7 Ratification of nomination of Katherine Cole to the City/County Solid Waste Committee (Category D, Incumbent). (nomination made 12/18/01)

Nomination confirmed.

- 2.8 Approval for the authorization to order Telecommunication Services through CalNet Integrated Services Contract. (D-All) (continued from 12/18/01, item 2.18 [staff])

Adopted Resolution 2002-006.

RESOLUTION NO. 2002-006

RESOLUTION AUTHORIZING THE CITY
MANAGER AND CITY CLERK TO EXECUTE AN
AUTHORIZATION TO ORDER
TELECOMMUNICATION SERVICES UNDER THE
CALNET STATE AGREEMENT

- 2.9 Authorization to execute the contract for the sale of excess land with the State of California, Department of Water Resources, for property known as the Jibboom Street Property, located on the west side of Jibboom Street between Richards and I Street, APN 001-0190-0004, 006, 012, and 015, and obtain pollution liability insurance coverage. (D-1)

This item was withdrawn at staff request.

- 2.10 Request to open an application period for the City Planning Commission. Three (3) vacancies due to term expirations.

Application period opened: 1/10/02. Applications due: 2/8/02.

- 2.11 Approval of Amendment to City Contract #99-006-1 for a Metropolitan Medical Response System. (D-All)

Adopted Resolution 2002-007 approving Agreement 2002-003.

RESOLUTION NO. 2002-007

A RESOLUTION AUTHORIZING THE CITY
MANAGER OR DESIGNEE, TO SIGN THE
AMENDMENT TO THE CONTRACT FOR THE
DEVELOPMENT OF A METROPOLITAN
MEDICAL RESPONSE SYSTEM

3.0 PUBLIC HEARINGS

None

4.0 STAFF REPORTS

- 4.1 Housing and Dangerous Buildings Case Fees and Penalties - Findings of Fact for Special Assessment Liens. (D-ALL)

Josh Pino, Principal Building Inspector, acknowledged that this incidence relating to Mr. Slotterbeck's property was different from the norm, in that the lot was cleared of a dangerous building prior to Mr. Slotterbeck's purchase of the property. Mr. Pino recommended that the fees be imposed.

Councilmember Hammond responded that she wished to hear Mr. Slotterbeck's statement about this issue.

Councilmember Yee established with Mr. Pino that the lien against the property had been duly recorded and made clear to the buyer that there was a lien against the property. Mr. Pino replied that a "Declaration of Structure as a Dangerous Building" had been issued.

Councilmember Waters questioned whether a title company should not have searched the title to the property when Mr. Slotterbeck purchased it? Samuel Jackson, City Attorney, advised that Mr. Slotterbeck had not gone through normal channels; if he had gone through a title company that information would have been disclosed.

Scott Slotterbeck, property owner, asked that there be no special assessment, explaining that a City inspection on May 1, 2000 had revealed a dangerous building on the property, which was then demolished on September 18, 2000. On February 26, 2001, when Mr. Slotterbeck purchased the bare lot, there was no existing building on the property, thus he believed that the Declaration no longer applied. His position was that he was an innocent purchaser; he did not feel he should be charged for someone else's problems with the property. Mr. Slotterbeck stated that the former owner had profited from the sale, netting \$17,000. Mr. Slotterbeck cited a precedent in which the Housing Board had waived the lien; he requested a reduction in cost, if the City refused to waive the fee, he expressed a willingness to split it, 50-50.

Mr. Yee stated that the person who buys a piece of property is responsible for determining whether the title is clear, adding that ignorance of the law is not an excuse.

Councilmember Jones established with Mr. Pino that a title search would have shown a lien; however, he noted that this document was not a lien, it was a Declaration. Mr. Jones suggested that a better, clearer type of notice may be in order.

City Attorney Jackson advised that: 1) the Mayor has the authority to make a policy change; 2) the Declaration notice clearly warns the buyer to research; and 3) any change in procedure would apply to every single similar situation. He added that the focus is always on the property, and warned that any change in policy/format could impact a large number of cases similar in nature.

Mr. Jones established with Mr. Pino that there had been a delay between the notice and the actual placing of the lien (3 to 4 months). Mr. Jones noted that such a delay impacts the purchase of the property. Mr. Pino stated that this property sold for \$35,000, that comparable properties in the area had land values between \$67,000 and \$89,000; he felt that Mr. Slotterbeck had gotten a good deal.

Deputy City Attorney Wood emphasized that the California Code relating to Civil Procedures, Section 405, demands that a public agency must record the notice, to advise anyone interested in a property about a lien. The aim is to recover funds for the government agency.

Mayor Fargo established with Mr. Pino that the County Tax Assessor reaped the benefit for the taxes owed on the property at the time. The remainder of the funds were returned to the previous property owner. Mayor Fargo agreed with Mr. Jones, that it did not seem clear on the Declaration form that Mr. Slotterbeck was to contact anyone else, since it refers to a building that no longer exists; she questioned the fairness of this situation.

Councilmember Cohn stated that it was both fair and legal; it is paramount to be fair to City taxpayers. Mr. Cohn advised against making any exception here that could create a precedent.

Mr. Slotterbeck disagreed with Mr. Pino's statements about the value of comparable properties, noting that the other properties Mr. Pino used as examples were improved and were not located on busy streets.

Councilmember Hammond expressed her understanding of Mr. Slotterbeck's feelings on this matter, but her position was that tax liens should be applied equally all over the City. She cautioned staff that their actions could have been faster.

A motion was made by Councilmember Hammond, seconded by Councilmember Waters, to adopt Resolution 2002-008.

Councilmember Sheedy supported the City's position in this matter, citing the standard "let the buyer beware".

Councilmember Tretheway chose not to support the motion, believing that there had been too great a delay (8 months vs. the normal 4 months) in filing the lien. He felt that the City bore some responsibility, and agreed with Mr. Slotterbeck's proposal that the costs be shared.

Councilmember Pannell supported the motion, saying that Mr. Slotterbeck should have used the services of a title company, and checked the details more carefully.

City Attorney Jackson clarified that the motion included the entire item (which also referenced issues relating to another property).

The motion passed with a 6-3 roll call vote, with Councilmembers Cohn, Hammond, Pannell, Sheedy, Waters, and Yee voting aye and Councilmembers Jones, Tretheway, and Mayor Fargo voting no.

Councilmember Jones suggested that the content of the notice be improved, perhaps with the addition of a phone number to call. He inquired of Mr. Pino whether the City routinely gets tax sale notices from the County, to which Mr. Pino replied affirmatively, but often too late to take any action.

City Attorney Jackson reiterated that the existing form is legally sufficient, it is used by agencies throughout the state, and if it were to be changed it would make agencies more vulnerable to legal challenges.

City Manager Thomas interjected that staff would work with the City Attorney's office on this matter.

**Item 4.2 was opened for discussion at this point.

Following Item 4.2, Mayor Fargo called for a motion to re-open Item 4.1 for discussion relating to the property located at 3362 Santa Cruz Way, noting that Irene Ching, owner of that property, wished to speak.

A motion was made to re-open Item 4.1 by Councilmember Hammond, seconded by Councilmember Pannell. The motion passed, 9-0.

Mr. Pino stated that the owner, Ms. Ching, had failed to appear before the Board as required by the Code. City Attorney Jackson advised that Ms. Ching instead went directly to Court, bypassing normal administrative proceedings.

Ms. Irene Ching, property owner, had in her possession a court order which she believed stated that the lien had been dismissed.

Deputy City Attorney Wang advised that evidently Ms. Ching had misunderstood the process; on 3 occasions, Judge Kobiachi denied her petition, because she had not gone through the normal administrative appeal process.

Following discussion, a motion was made by Councilmember Hammond, seconded by Councilmember Pannell, to adopt Resolution 2002-008. The motion passed with a 9-0 vote, all ayes.

RESOLUTION NO. 2002-008

A RESOLUTION ACCEPTING THE FINDINGS
OF FACT OVERRULING PROTESTS AND
PLACING LIENS ON PROPERTIES FOR
UNPAID ASSESSMENTS AS SHOWN ON
ATTACHMENT FOR HOUSING AND DANGEROUS
BUILDINGS CASE FEES AND PENALTIES

4.2 June 30, 2001 Comprehensive Annual Financial Report. (D-All)

Gus Vina, Director of Finance, reported that KPMG LLP had completed its independent audit of the City's FY2001 records and had rendered its unqualified opinion that the City's financial statements were presented in conformance with generally acceptable accounting principles. Mr. Vina stressed that this was a financial document, not a budget document.

James Welsh, KPMG, noted that the format of this year's CAFR was significantly different than prior years because the City implemented several new Government Accounting Standards Board (GASB) statements, including GASB Statement No. 34, which represents one of the most comprehensive financial reporting standards in the history of standards setting. The City accomplished this one year earlier than required. The main purpose of this is to bring government reporting more in line with private sector financial reporting.

Mr. Welsh reported that there were no audit adjustments or disagreements during this year's audit.

Mayor Fargo expressed her thanks to Mr. Vina and the Accounting staff and congratulated them on completing GASB No. 34 one year earlier than required. She felt that the City should continue with a conservative approach until the economy levels out; she also cited the State deficit, which impacts the general financial outlook.

City Manager Thomas also thanked staff for their good work; he advised that a 5-year forecast would be done and agreed with Mayor Fargo concerning the need for a continued conservative approach, sharing her concerns about economic threats.

Mr. Vina reported that the General Fund finished higher than projected, and that all operating departments had stayed within their budget. In addition, all Enterprise Fund departments, with the exception of Golf, operated within their budgets. City Manager Thomas indicated that this shortfall was, in part, due to the expansion project at Haggin Oaks. Mr. Jones requested more complete information concerning the cost/revenues balance at Golf; Mr. Thomas responded that at midyear review that report would be forthcoming.

Mr. Vina presented the schedule reconciling the midyear estimate of the General Fund undesignated fund balance to the June 30, 2001 actual balance. Under the heading of "budget to actual results", he noted an increase in taxes and revenues of \$9.3 million; interest revenue of \$3.6 million; and non-department expenditure savings of \$4.5 million. Under the heading "establish reserves", Mr. Vina stated the 3-year CIP program as (\$5.5 million); energy reserve at (\$2.5 million); animal care (\$0.7 million), for a total obligation of \$10.4 million, and net results at \$7.0 million.

Mayor Fargo expressed her pleasure at the list of the City's accomplishments on page 144 of the report, which indicated our having made many significant community improvements during FY2001.

A motion was made by Councilmember Cohn, seconded by Councilmember Sheedy, to adopt Resolution 2002-009. The motion passed, 9-0, all ayes.

RESOLUTION NO. 2002-009

RESOLUTION ACCEPTING THE
COMPREHENSIVE ANNUAL FINANCIAL
REPORT FOR THE FISCAL YEAR ENDING
JUNE 30, 2001, APPROVING AN INTERNAL
LOAN OF \$599,000 TO THE GOLF FUND,
RESERVING GENERAL FUND DEPARTMENT
CARRYOVER, AMENDING THE 2002
CONTINGENCY BUDGET, AND ESTABLISHING
A DESIGNATION OF FUND BALANCE FOR
THE THREE-YEAR CAPITAL IMPROVEMENT
PROGRAM

4.3 THIS ITEM MOVED FROM SHRA (ITEM 5.2)

H Street Theaters Project update and approval of final financing plan and business terms, located at 1419 "H" Street. (D-1)

Councilmember Sheedy registered an abstention for this item, due to her husband, Ted Sheedy, being involved with the project.

Laura Sainz, Senior Project Manager, Economic Development, stated that this project was conceptually approved on October 5, 1999 by the City Council and the Board of Supervisors. The project includes the renovation of the existing Sacramento Theatre Company (STC) facility, as well as the construction of a permanent "tent" structure for Music Circus productions. In January of 2001, the City Council and the County Board of Supervisors approved the execution of a Joint Exercise of Powers Agreement between the City and County to create the Sacramento Regional Arts Facilities Financing Authority. The SRAFFA will be the vehicle through which the bonds to finance the construction will be issued. Also in January, 2001, the construction management contract with Kitchell was approved.

The need for an adequate contingency fund and other reserves has been addressed and built into the business terms that have been proposed to the theater companies, developed to guard against high bids and/or any unforeseen issues that may arise during construction. Both the City's and County's commitment to servicing the bond debt is \$66,000 each to the HTP Fund on an annual basis until 2020 or when the bonds are paid off, whichever occurs first.

The total cost for the project is expected to be \$13.3 million, with approximately \$10.3 million of that to be used for construction.

Mayor Fargo commented that, due to the recent realignment of Council Districts, the theater is now located in District 3.

Councilmember Cohn remarked that he was glad to have acquired it, adding that construction was scheduled to begin in a few months. He felt that on this project, there was a greater degree of certainty, and that a good team had been assembled to accomplish the task. Mr. Cohn believed that this project would give a boost to the downtown area, and be good for the arts community in general. Mr. Cohn acknowledged Leland Ball, outgoing CMT Managing Director, and incoming Richard Lewis.

Ted Sheedy, CMT, acknowledged City Manager Thomas for his idea for a parking garage to better accommodate patrons. Mr. Sheedy remarked that this was a true public/private partnership, and when completed, would provide good entertainment for the next 50 years. Mr. Sheedy thanked the Council and recognized Susan Hedling; City Manager Thomas; City Treasurer Friery; Convention, Culture and Leisure Director Barbara Bonebrake; Laura Sainz, Economic Development, and Lydia Lara, Deputy City Treasurer for their assistance and support for this project.

A motion was made by Councilmember Cohn, seconded by Councilmember Tretheway, to adopt Resolution 2002-010. The motion passed with an 8-0 roll call vote, with Councilmember Sheedy abstaining.

RESOLUTION NO. 2002-010

H STREET THEATERS PROJECT UPDATE AND
APPROVAL OF FINAL FINANCING PLAN AND
BUSINESS TERMS

5.0 **SHRA**

Staff Report

- 5.1 18th & L Street Mixed Use Development - Tax Exempt Bond Financing, Amendments to Owner Participation Agreement. (D-4)
- A. Declaration of intention to reimburse expenditures from the proceeds of tax-exempt obligations and directing certain actions
 - B. Approval of issuance of tax-exempt obligations and directing certain related actions

A motion was made by Councilmember Cohn, seconded by Councilmember Jones, to continue this item to January 15, 2002. The motion passed with a 9-0 vote, all ayes.

5.2 THIS ITEM MOVED TO CITY COUNCIL STAFF REPORT (ITEM 4.3)

6.0 **REGIONAL ISSUES**

None

7.0 COUNCIL IDEAS AND QUESTIONS

7.1 Mayor Fargo nominated the following:

Small Business Development and Employment Advisory Board:
Category A (Small Business Sector) - Dan Waters; Category B
(Employment issues/Equal Opportunity in Sacramento) - Crystal Cuningham, Arbatel de la Cuesta, Diedra Thorpe

Sacramento Heritage, Inc. Board of Directors: Lisa-Helen Lawson - Category 1 (Housing); Kim Iannucci - Category 3 (History); Colleen Tonkin - Category 4 (Preservation); Ryan Moore - Category 5 (Construction/Development Architecture)

Sacramento Environmental Commission: Marjorie Namba - Incumbent; Frederick Tornatore

Sacramento Sports Commission - Reopen

Civil Service Board: Betty Suzuki

7.2 Councilmember Cohn commended the Sacramento Convention & Visitors Bureau for a great fireworks display on New Year's Eve. He added that Sacramento was one of 9 cities listed in USA Today.

7.3 Councilmember Cohn expressed pride in the fact that Sacramento has grown to over 400,000 in population; he requested new signs from Caltrans to reflect that growth.

7.4 City Manager Thomas echoed Mr. Cohn's remarks regarding the New Year's Eve fireworks event, which he termed "outstanding".

7.5 Councilmember Jones reported a meeting with the Director of Federal Technology and urged the City Manager to pursue opportunities there to generate business through increased government contracts.

8.0 CITIZENS ADDRESSING COUNCIL (MATTERS NOT ON AGENDA)

None

9.0 RECESSED INTO CLOSED SESSION AT 4:08 P.M.

- 9.1 Pursuant to Government Code Section 54956.9(c) to consider initiation of litigation; one potential case
- 9.2 Pursuant to Government Code Section 54956.9(b) for matters pertaining to threatened litigation; one potential case
- 9.3 Pursuant to Government Code Section 54956.9(a) for matters pertaining to pending litigation:
- A. Stanya Venerable v. City, US District Court, Eastern District of CA, Case No. CIV S-01-0473 GEB DAD
 - B. Norma Venerable v. City, US District Court, Eastern District of CA, Case No. CIV S-01-0169 DFL

ADJOURNMENT at 4:40 p.m. in memory of Mr. Darrell Forney, a nationally-known Sacramento artist who passed away on December 21, 2001; Dr. Bob Marrone, Professor of Psychology at CSU, on December 21, 2001; Mr. Frank Simms, former owner of Simms Hardware Store, on December 27, 2001; Mrs. Bertha Mae Whitaker, on December 27, 2001, a Sacramento family restaurant worker; and Mr. Gil Tariel, on January 3, 2002, a local movie projectionist for many years.

Submitted


Valerie A. Burrowes, City Clerk

Approved


Heather Fargo, Mayor