

**TOWN OF YUCCA VALLEY
TOWN COUNCIL MEETING MINUTES
JULY 24, 2012**

OPENING CEREMONIES

Mayor Rowe called the meeting to order at 6:00 p.m.

Council Members Present: Abel, Huntington, Lombardo, and Mayor Rowe.

Staff Present: Town Manager Nuaimi, Deputy Town Manager Stueckle, Town Attorney Laymon, Community Services Director Schooler, Administrative Services Director Yakimow, Police Capt. Miller, and Town Clerk Anderson

PLEDGE OF ALLEGIANCE

Led by Mayor Rowe

INVOCATION

Led by Pastor Chris Wagner, Joshua Springs Calvary Chapel

PRESENTATIONS, RECOGNITIONS, INTRODUCTIONS

1. Employee of the Quarter

Item carried forward to August 7, 2012 Town Council Meeting

APPROVAL OF AGENDA

Council Member Lombardo moved to approve the agenda. Council Member Abel seconded. Motion carried 4-0.

CONSENT AGENDA

- 2. Waive**, further reading of all ordinances and read by title only.
- 3. Find**, that adherence to the Formal Sealed Bid Procedures identified in Chapter 3.12 of the Town Code related to this specific activity would be inefficient, impractical, and unnecessary; **Waive** the formal bidding procedures for this ongoing transaction, and implement the Open Market or Informal Bid Procedure as identified in Chapter 3.12 of the Town Code in its place; Annual Animal Food Purchase.
- 4. Approve** the transfer of property identified as APN 0585-41-16, to the Hi Desert Rod & Gun Club, authorizing the Town Manager to sign all documents necessary to complete the transfer.

5. **Approve**, the sale of approximately 10.96 acres of property from Assessor Parcel Number 0597-211-05 to the California Department of Transportation, in the amount of \$5,200, and authorize the Mayor, Town Manager, and Town Attorney to sign the Right of Way Contract and open escrow and sign all escrow instructions, deeds, and other documents necessary to complete the sale.
6. **Authorize**, the submittal of a grant application for the TCRP project, under the California Transportation Commission 5% competitive SLPP program, and approving the preliminary allocation of \$364,000 in Street and Traffic Public Facility Development Impact Fees as the Town's Required match and approving and authorizing the Town Manager to sign all applications and documents necessary to deliver the grant funds.
7. **Receive and file**, the report outlining the Fall 2012 programs and events to be organized and conducted by the Community Services Department.
8. **Adopt**, Resolution No. 12-26, for the annual Measure I, Five-Year Capital Improvement Plan and Expenditure Strategy for Fiscal Years 2012/2013 to 2016/2017 under Measure 2010-2040; **adopt** Resolution No. 12-27, amending the FY 2012-13 Adopted Budget.

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF YUCCA VALLEY, CALIFORNIA, ADOPTING THE FIVE-YEAR MEASURE I CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2012/2013 TO 2016/2017

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF YUCCA VALLEY, CALIFORNIA, AMENDING THE FY 2012-13 BUDGET

9. **Approve**, Amendment No. 3 to the Settlement Agreement for Incorporation Debt between the County of San Bernardino, the County Flood Control District, and the Town of Yucca Valley, authorizing the Mayor, Town Manager, and the Town Attorney to sign all necessary documents.
10. **Approve**, the Roles and Responsibilities of the General Plan Advisory Committee, and establish August 23, 2012, as the application deadline to apply to serve on the General Plan Advisory Committee.
11. **Receive and File**, the Treasurer's Report for the fourth Quarter of FY2011-12.
12. **Ratify**, the Warrant Register total of \$574,477.71 for checks dated July 6, 2012 to July 12, 2012. Ratify Payroll Registers total of \$155,119.71 dated July 6, 2012.

Council Member Abel requested discussion of the specifics of the GPAC under Item 15.

Council Member Lombardo moved to adopt Consent Agenda Items 2-12. Council Member Abel seconded. Motion carried 4-0

AYES: Council Member Abel, Huntington, Lombardo, and Mayor Rowe
NOES: None
ABSTAIN: None
ABSENT: None

PUBLIC HEARING

13. Community Outreach Update; Local Revenue Alternatives Discussion

Mayor Rowe opened the Public Hearing.

Town Manager Nuaimi reported for the past several months, Town staff has been making presentations to community groups, sending informational and interactive mailings, and completing an objective, statistically valid community telephone survey.

80% of those responding to the first mailer stated that reducing the cost of the state mandated sewer system was their top priority; however a high number also responded that protecting local property values, maintaining and repairing local streets and alleys, and maintaining local control of local funds were also priorities.

The Town completed a telephone survey in December as part of the General Plan outreach effort, interviewing 305 registered voters in the Town. In the past week an abbreviated follow-up survey was conducted completing 255 interviews of a statistically valid sample of registered voters. The survey results indicated a base of support for a one percent (1%) general sales tax measure among likely November 2012 voters.

The cost to take care of the needs of our community is high, so if we are looking to take a significant bite out of these needs, a revenue measure would need to generate consistent funding, at a significant level, over many years. Other types of revenue measures such as Utility Taxes, Hotel Taxes, or increasing the Transfer Tax rate, are either difficult to pass, won't generate the amount of funds needed, or not available to a general law city. A sales tax is both stable and sizeable enough to meet our needs over an extended period of time, and as the economic hub of the Morongo Basin, half of the sales taxes collected in Yucca Valley come from outside visitors to the community. To the benefit of our low income seniors, sales tax is not applied to food purchased as groceries or prescription medication. In addition, sales tax grows with both regional growth and with inflation, and a locally enacted sales tax measure is specifically protected from Sacramento take under the California Constitution.

After outreach in the community, and analysis of the various alternatives, staff is recommending that a 30 year, 1-cent sales tax measure be brought to the voters for consideration this year. The proposed measure would be a general purpose tax, requiring a simple majority vote for approval. General purpose taxes must be scheduled with normal municipal elections where members of the Council are selected. A Resolution must be submitted to the County no later than August 10th in order to place the measure on the November ballot. If there is enough support from the Council to move forward, staff will draft the specific ordinance language for the measure. It is recommended that the ordinance include provisions for an independent taxpayer's oversight committee, mandatory financial audits, and yearly reporting to the community on expenditures. Staff and legal counsel will work to bring the necessary Resolution for consideration at the August 7th Council Meeting, along with budget amendments for additional election expenses and a recommendation to continue legally permissible community outreach.

Margo Sturges, Yucca Valley, spoke in opposition of the measure noting if it is imposed it should all go toward the sewer project.

An unidentified Yucca Valley Citizen commented in opposition to the measure and suggested if there is going to be a measure, the entire 1% should go to the sewer system and then an additional .5% enacted for other needs.

Jennifer Collins, Yucca Valley, spoke in support of the measure, noting she believes the Town has done its due diligence making citizens aware of its benefits.

There being no one else wishing to speak, Mayor Rowe closed the public hearing.

Council Member Huntington commented that the initial thoughts process was, since the roads are a high priority of the community, and for the first 4 years the monies would go into the Town's coffers, those dollars would be set aside for the Water District to effectuate those need road repairs. Town Manager Nuaimi noted that the Town has \$15,000,000 deferred maintenance to our roads and \$6,000,000 of that is located in phase 1. Rather than fix those roads now, those dollars will be contributed to the District in the early years of the revenue measure to make those road repairs after the sewer construction.

Mayor Rowe questioned if there will be a MOU with the District to assure citizens that the money will go towards the roads. Town Manager Nuaimi advised there will be, noting that staff has been working with the District to negotiate a payment schedule, and the Council will act on the expenditures annually.

Town Manager Nuaimi responded to public comments made regarding the proposed measure noting that State law only allows enactment of up to 1% sales tax. He added that, given all the other deficits the Town has to deal with, such as road maintenance

and parks, it would be irresponsible to put everything into the sewer project. Staff has continues to work with the District to help them achieve their goal of presenting a sewer system project at the lowest cost to the citizens.

Council Member Huntington questioned the Oversight Board's function. Town Manager Nuaimi advised they will be an advisory body, looking at proposed expenditures for each year, and whether or not those expenditures are consistent with what the voters originally envisioned. Council Member Huntington questioned if the MOU with the Water District would be in place prior to the November election. Town Manager Nuaimi advised our current time frame is to have that agreement drafted and before our two bodies prior to a November election. Council Member Huntington stated he thinks that would be mandatory for this measure.

Mayor Rowe questioned if future Councils could unwind the MOU. Town Manager Nuaimi advised that future councils could opt to not make the annual appropriations, due to a number of reasons. For example, if the Water District received a grant to pay down the debt the funds would not be needed for the debt service.

Council Member Lombardo questioned if this measure is the only viable alternative for long term funding for the sewer project. Town Manager Nuaimi stated, when you look at the amount of funding required, you need that sizeable revenue stream to be able to start biting into the community infrastructure needs. Council Member Lombardo commented the measure has the most flexibility in the future because it grows as the town grows.

Council Member Abel stated that some people will question why the Town Council is getting involved with trying to bring forth a wastewater treatment plant when it is the responsibility of the Water District. Town Manager Nuaimi advised that Council has identified that without a wastewater treatment plant this community has a ticking time bomb starting in 2016 that will stifle and kill the local economy if that uncertainty remains, so it has to be addressed. This isn't about big box stores, it is about restaurants that can't afford to spend \$500,000 to build individual treatment plants, and it is about people who are already here with septic systems leaching into our aquifer. Council Member Abel questioned the argument that when the wastewater treatment plant is brought in by the Water District new development will occur which will increase the amount of sales tax coming in, which can be used to take care of the deficit in our roads and other infrastructure. Town Manager Nuaimi commented that simply building a sewer system is not a matter of "if you build it they will come". Dr. Husing's economic model is based on growth, demographics, Department of Finance housing projections and population projections, and assumes there is nothing stopping that growth, such as lack of sewer or a building moratorium. As a basin, we are losing \$250,000,000 sales activity down the hill. Council Member Abel asked for an explanation of the statement that if the voters pass a 1% sales tax will it lower their cost by 35%. Town Manager Nuaimi explained it is a 35% reduction in the cost to the rate

payer. Council Member Abel commented regarding the statement that hotel tax doesn't generate enough money to deliver anything significant; pointing out that the Town's TOT rate is below the normal rate for the region. Town Manager Nuaimi advised we are lower, but raising the rate may only generate \$150,000 to \$200,000. However, the hotels are concerned about how much sewer connection is going to cost them, and there may be a time in the future to place a measure on the ballot to raise the TOT rate to earmark the additional funds to assist the hotels in hooking up to the system. He noted that would be a Special Tax. Council Member Abel stated the Council would only be making the decision to allow our citizens to choose whether or not they are going to support this proposal to help take care of infrastructure such as roads and sewer. There is so much oversight from our citizens that any future Town Councils would hear loud and clear from the voters if the Town is not using the funds properly. He expressed concern regarding the timing of this measure at the same time the Governor is placing a 1% sales tax increase as well, however, the Governor is threatening the public school system stating if his increase is not passed funding to schools will be reduced. At the same time the state is approving funding for a speed train costing millions upon millions of dollars. He stated he feels it would not be responsible on the part of the Council if we didn't bring this to a vote of the citizens.

Council Member Lombardo questioned what the consequences would be if the measure did not go through. Town Manager Nuaimi commented if measure doesn't pass, we won't have that tool in our kit to try to meet the community needs, and each property owner will have a greater impact.

Mayor Rowe commented she is not sure all future Councils will have same intent as the present, and questioned if staff can point to any MOU's we have in place that Council decides on every budgetary year that are in the spirit of the proposed MOU. Town Manager Nuaimi advised there is nothing to this magnitude, noting the accountability is in the hands of the voters, but we are currently expending resources to draft language for a long term lease arrangement with Hi Desert to assist with the financing of the project. You and future Council's will be dealing with that on an annual basis. Mayor Rowe requested clarification of the oversight body. Town Manager Nuaimi explained. Mayor Rowe questioned how gasoline sales factors in. Town Manager Nuaimi advised that sales tax is charged on gasoline, noting a large part of our economy is the sale of gas and fast food to people passing through Town. Mayor Rowe requested an explanation of the benefits of becoming a charter city. Town Manager Nuaimi stated the Town would basically be taking general law and replacing it with Yucca law while trying to remain consistent with the State constitution. He added that, given the number of general law cities in the state, the fact that Transfer Taxes are fixed and can't be taken to the voters to be adjusted by general law cities makes no sense.

Council Member Huntington commented that, going back to the strategic planning session, as a Council our number one goal, outside of public safety, was to assist the Water District in any way we could to help them deliver a wastewater system. Without

it we are sentenced to a slow death as a community. The Town will be unable to attract needed business, jobs, or retirees because they will not come here without adequate infrastructure to support them. Property values will plummet further, chasing away any investment in the community. Infrastructure without a healthy tax base will deteriorate further. This community must join together as never before to make this happen. The Town has looked at a number of avenues to assist Hi Desert Water District in this endeavor and the most lucrative is the 30 year 1% sales tax. He noted he is not pleased about having to ask for a tax increase from the voters, but it remains the most cost effective solution to the problem. A general tax requires a simple majority and allows the Town to utilize the funds with great flexibility. He added he strongly supports placement of a 1%, 30 year sales tax measure on the ballot with the following stipulations: that an agreement be signed with the Hi Desert Water District prior to the November election; and that an independent review board be a part of the measure. He advised he will be out of the country for the August 7th meeting and will participate via telecommunications, but wanted to express in person how important he feels this issue is.

Council Member Lombardo commented he has been in the community for 27 years and has seen the idea of a sewer system come and go. They talked about it, they never did it, and they could have done it long ago. He is excited to be a part of seeing it come to fruition, and wants to work in every way possible with the District to make it a reality. He is strongly in favor of the measure and sees it as the most cost effective way of doing it, and thinks it is absolutely necessary to provide the flexibility the Town needs to function in the future.

Council Member Abel commented he would like to see the Council move forward, noting he is in support as well. There has been no lack of effort by the Town to try to get feedback by going to where people are gathering, not having them come to us. In addition, the information on the website, the two mailers, and the telephone surveys, show the Town is trying to determine the pulse of the community, so he would support moving forward to put a measure on the ballot.

Mayor Rowe advised that she agrees, stating it is a tremendous responsibility on the four of us to decide, however, it is up to the voters to decide whether they trust us to have the MOU with the District. She noted she agrees with Council Member Huntington regarding the necessity for the MOU and would not support placing the measure on the ballot unless it was in place prior to the election. She added she thinks that it is very important that people know money is intended to go toward the sewer, roads and other Town priorities. She also encouraged the vocal opponents to apply for a seat on the Oversight Board to hold us and future Councils accountable if the voters choose to pass the measure. She is also in favor of putting this to the voters.

Town Manager Nuaimi advised that staff has received enough direction and will come back on August 7th with the necessary resolutions to place the measure on the ballot.

Town Manager Nuaimi thanked the staff, especially Deputy Town Clerk/Management Analyst Copeland, who helped coordinate a lot of the Town's outreach sessions. He stated he takes very personally the comment that we have lied, noting he will be happy to meet with anyone at any time to try to understand where they feel the Town has misrepresented, misstated or misspoken. The Town has been as transparent as possible with the direction we are recommending. Ultimately it comes down to Council's policy as well as what the voters want to do.

DEPARTMENT REPORTS

14. **Financing, Disposition and Development Agreement for Affordable Senior Housing Project**

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF YUCCA VALLEY, CALIFORNIA, APPROVING THE FIRST AMENDMENT TO THE AFFORDABLE HOUSING FINANCING, DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE TOWN AND NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA

Town Manager Nuaimi advised this item is the follow up to the July 17th Council Meeting where staff forward consideration to Council for improving the competitiveness of the TCAC Application. He noted Council had previously approved a commitment of funding to the tune of \$3.2 million for a HUD application, adding that action tonight commits resources slightly below \$3 million, so the committed amount is less than previously approved. He explained the funding possibilities and advised the final dollars come after project is built.

Margo Sturges, Yucca Valley, questioned who the members of the newly formed Limited Partnership are, and expressed hope that any cost saving measures don't change the exterior of the project.

An unidentified Yucca Valley resident stated generally she thinks this project is a good idea but wants to make sure the Town's interest in the property is protected.

Council Member Lombardo questioned how the loan would work. Town Manager Nuaimi advised it is a residual receipts loan as part of the Town's contribution, just like the County HOME funds loan.

Byron Ely, National CORE, advised the finishes of the building itself that were originally talked about remain the same. There will be a different sort of manufactured structural process that will bring savings while not reducing the quality of, or avoiding any of the requirements of California Building Code.

Council Member Abel expressed concern regarding the quality of the project, noting it is a very important, highly visible, project and he wants to see something that will help our least served residents. Mr. Ely advised that the product is a higher quality than what was used before, and explained the construction method. He noted that the overall construction time will be reduced by almost 50%. Council Member Abel commented it would be nice to have a place that is close to the amenities for our seniors, noting there will also be less impact on our roadways.

Council Member Huntington advised he has dealt with similar manufactured products, noting they are quality high and in almost every case the costs go way down.

Mayor Rowe advised she was a member of the Redevelopment Agency even before being elected, and has been involved since the onset of this project. Everyone has done a great job trying to get this into the community. She added there is no more money out of our pocket, but she would not be in favor of going over that threshold.

Council Member Huntington moved to adopt Resolution No. 12-28, approving the Amendment to the Financing, Disposition and Development Agreement between the Town and National Community Renaissance of California (“NCRC”) establishing the terms under which the Town will support development of a seventy-five (75) unit affordable senior housing project; and Authorize the Town Manager, Mayor, and Town Attorney to execute all documents required to support the NCRC Application for Tax Credits as part of a July Tax Credit Allocation submittal. Council Member Lombardo seconded. Motion carried 4-0.

- AYES: Council Member Abel, Huntington, Lombardo, and Mayor Rowe
- NOES: None
- ABSTAIN: None
- ABSENT: None

PUBLIC COMMENT

Margo Sturges, Yucca Valley, commented regarding issuance of a will serve letter from the Hi Desert Water District to the Super Wal-Mart project and their approval of a septic system. Expressed concern the former AM/PM site may be toxic.

STAFF REPORTS AND COMMENTS

- 15. **Discussion and possible action to address the impacts of the resignation of Council Member Hagerman.**

Town Manager Nuaimi advised that Council Member Hagerman’s resignation occurred effective July 20th. Ordinarily the Council can fill a vacancy by either special election

or appointment, however, since we already have two appointed members this vacancy must be filled through a special election called within 60 days. The vacancy also leaves a vacancy on the Animal Care JPA and in the Mayor Pro Tem position. The selection of a new Mayor Pro Tem will be scheduled for the August 7th Town Council Meeting. There will also be a need to make 10 General Plan Advisory Committee selections based on 2 per Council Member.

Council Member Lombardo he would be willing to be appointed to the Animal Care, noting his only concern is the predictability of meeting times. If the meetings could be held at noon with a 3 to 4 day notice including anticipated length, he would be able to participate.

Mayor Rowe advised if it turns out that Council Member Lombardo cannot participate she will be happy to step in.

Council Member Lombardo questioned if it would be possible to select an alternate if an issue arose. Town Manager Nuaimi expressed concern regarding possible Brown Act issues. Council Member Lombardo advised he will take every opportunity to make it possible to participate.

Council Member Abel commented he had a question regarding the appointment of members to the GPAC, however he thinks it can wait until we see how many applications we actually receive. He noted he is not opposed to existing Council Members appointing 2 members each and suggested the possibility of selecting the additional two members at large. He questioned if there is any mandate requiring a specific number of members. Manager Nuaimi advised there is no mandate regarding size, just advice not to have too many members. Waiting to see how many applicants we get is not a problem.

Town Attorney Laymon agreed with concerns regarding appointing an additional Council Member as alternate on the JPA.

MAYOR AND COUNCIL MEMBER REPORTS AND COMMENTS

16. Council Member Huntington

Commented regarding attendance at Saturday's rhythm and blues concert in the park.

Commented regarding Council Member Hagerman's resignation, wished him well and advised he supports his decisions. Family always comes first.

Apologized for not being able to attend the August 7th meeting in person, but will be teleconferencing.

17. Council Member Lombardo

Wished Council Member Hagerman well, noting it was enjoyable working with him.

18. Council Member Abel

Sent best wishes to Council Member Hagerman as well, noting he considers him to be a friend.

Commented he is excited to hear that Blue Skies has been purchased and sent congratulations to the Brehm Corporation.

19. Mayor Rowe

Echoed sentiments regarding Council Member Hagerman, noting we will miss him and wish him well

Congratulated the Brehm family on their purchase of the Golf Course.

ANNOUNCEMENTS

Next Town Council Meeting, Tuesday, August 7, 2012, 6:00 p.m.

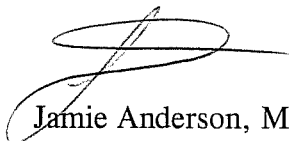
CLOSING ANNOUNCEMENTS

Town Manager Nuaimi advised staff will be testing telecommunications capabilities over the next week in order for Council Member Huntington to participate in the August 7th Meeting.

ADJOURNMENT

There being no further business the meeting was adjourned at 8:10 p.m.

Respectfully submitted,


Jamie Anderson, MMC
Town Clerk