

MINUTES
CITY COUNCIL
TUESDAY, COTOBER 4, 2011 – 6:00 P.M.
CALISTOGA COMMUNITY CENTER
CLOSED SESSION

CALL TO ORDER

Mayor Gingles called the Closed Session to order at 6:00 p.m. In attendance were the following: Councilmember Chris Canning, Councilmember Gary Kraus, Councilmember Karen Slusser, Vice Mayor Michael Dunsford, and Mayor Jack Gingles.

Also present were City Manager Richard Spitler.

ORAL COMMUNICATIONS

No public comment.

ADJOURN TO CLOSED SESSION ON THE FOLLOWING MATTERS:

1. Conference with Labor Negotiators (City Manager Richard Spitler) pursuant to GC §54957.6.

Employee Organizations: Calistoga Public Employees Association
 Calistoga Police Officers Association
 Calistoga Professional Firefighters Association
 Unrepresented Employees

ADJOURN CLOSED SESSION

RECONVENE TO OPEN SESSION IN THE COMMUNITY CENTER

ACTION OUT OF CLOSED SESSION

Mayor Gingles announced that there was no reportable action out of tonight's Closed Session.

ADJOURNMENT

Mayor Gingles adjourned the Closed Session at 7:00 p.m. to the regular meeting of the Calistoga City Council, on Tuesday, October 4, 2011 Calistoga Community Center, 1307 Washington Street, 7:00 p.m.

Respectfully submitted:

Prepared by: Susan Sneddon, City Clerk

Approved by: Jack Gingles, Mayor

**MINUTES
CITY COUNCIL – REGULAR MEETING
TUESDAY, OCTOBER 4, 2011 – 7:00 P.M.
CALISTOGA COMMUNITY CENTER**

CALL TO ORDER

Mayor Gingles called the Regular Session to order at 7:05 p.m.

In attendance were the following: Councilmember Chris Canning, Councilmember Gary Kraus, Councilmember Karen Slusser, Vice Mayor Michael Dunsford, and Mayor Jack Gingles.

Also present were Planning and Building Manager Ken MacNab, Interim Administrative Services Director David Spilman, City Manager Richard Spitler, Recreation Services Manager Olivia Lemen, and City Clerk Susan Sneddon.

ACTION OUT OF CLOSED SESSION

Mayor Gingles announced that there was no action out of Closed Session held this evening.

ORAL COMMUNICATION

Kurt Larrecou, 1707 Michael Way, remarked on the planned storm drain improvements at Lake Street and Fairway. He stated the City's off site improvements for the Palisades Resort (Solage) appear to not meet the Napa County Flood Protection and Watershed Improvement Authority Amendment that was sent to Napa County requesting Measure A funding.

Don Luvisi, 36 Magnolia Drive, stated concerns regarding the requirement to obtain a building permit for plans that have a local benefit for sewer and water.

Matt Hickerson, 3225 Lake County Highway, discussed issues regarding the City reimbursing developers.

ADOPTION OF MEETING AGENDA

It was **MOVED** by **Vice Mayor Dunsford** and **SECONDED** by **Councilmember Kraus** to approve the Council Meeting Agenda. The Motion was carried unanimously.

APPRECIATION AWARDS

1. **Appreciation awards to Police Chief Jonathan Mills (25 years of service); and Water Systems Superintendent Warren Schenstrom (5 year of service).**

Mayor Gingles presented Chief Mills his appreciation award.

Chief Mills thanked the City Council for the privilege of working for the City for the past 25 years.

Mayor Gingles presented Water Systems Superintendent Schenstrom his appreciation award.

Water Systems Superintendent Schenstrom stated it has been an honor and privilege to work for the City, and looks forward to continued service.

PRESENTATION

2. **Presentation by Olivia Lemen, Recreation Service Manager, regarding the 2011 Calistoga Community Pool season.**

Recreation Services Manager Lemen provided a review of the third session that the community has been open. She encouraged the community to complete the on-line pool survey. She stated that recreation swimming program had the largest attendance, and water exercise program was second. She stated that the Calistoga Community Pool Project provided \$30.00 discount coupon for children's swim lessons. She reviewed various special events and activities held at the pool this season.

The Council recognized Recreation Services Manager Lemen for doing an excellent job in managing the community pool.

COUNCIL IDEAS FOR DISCUSSION

Councilmember Kraus stated that a safety issue exists adjacent to Brannans Grill when large trucks park into the red curb zone and block drivers' view of pedestrians crossing Washington Street.

Councilmember Slusser stated that Paul Coates has paid to replace on the U.S. flags on Lincoln Avenue/Highway 29.

Mayor Gingles stated he attended a Boys and Girls Club event in St. Helena, and was impressed with the facility and programs.

CONSENT CALENDAR

3. Minutes of the September 6, 2011 and the September 20, 2011 regular City Council meetings.
4. Adoption of Resolution No. 2011-098 authorizing the use of Washington Street from First Street to Second Street for the Calistoga Chamber of Commerce “Calistoga Downtown Blues Festival” on October 22, 2011.

It was MOVED by Councilmember Kraus and SECONDED by Councilmember Slusser to approve Items No. 3 and 4 on the Consent Calendar.

PUBLIC HEARING

5. Receive report regarding the expenditure of the Citizen’s Option for Public Safety (COPS) grant funding for Fiscal Year 2010/2011.

Police Chief Mills introduced and summarized his staff report on this item.

Mayor Gingles opened the Public Hearing, and then closed it when no person came forward to speak.

GENERAL GOVERNMENT

6. Discussion to confirm and finalize City Council direction on the preparation of a grape sourcing ordinance for wineries and winery tasting rooms.

Planning and Building Manager MacNab provided a brief history on this item. He identified two issues that need further clarification from Council: (1) identification of the zoning districts in which grape sourcing requirements for new wineries should be applied; and (2) clarification on the application of the “75% rule” to winery tasting rooms.

Vice Mayor Dunsford stated that he does not need to recuse himself from the discussion of the wine tasting room portion of this item because he no longer has a conflict because the applicant that he was working with received a conditional use permit.

Rick Jones, 3884 Silverado Trail, urged the Council to adopt the proposed grape sourcing ordinance for wineries and tasting rooms.

Charles Meibeyer, 1236 Spring Street, St. Helena, stated that we need to protect agriculture in the Valley, and supports the Council adopting a grape sourcing ordinance. He stated that the proposed winery definition ordinance should require fermentation in the County.

Penny Jesfield, 62 Holly Street, stated that the proposed winery definition ordinance is not constitutional in that it cannot blanket the 75% grape sourcing rule.

Andrea Anderson, 1702 Maggie Avenue, stated that the California law states that wineries must ferment and produce wine at their location at least every other year.

Kathy Roche, Holman Teague Roche Anglin LLP, stated she represents the Bounsall family, and asked that the Council follow the grape source rule adopted by the County which excludes industrial properties.

Sam Turner, 3157 Highway 128, (Napa Valley Grape Growers Representative), stated that he supports 75% grape sourcing rule.

Ann Steinhauer, Napa Valley Vintners, recommended that all zoning districts in the City should meet the 75% grape sourcing rule, and all wines in tasting rooms also meet the 75% grape sourcing rule.

Karen Cakebread, 1524 Greenwood Avenue, recommended that the boundaries for the 75% grape sourcing rule be the same as the American Viticulture boundaries.

Jeff Bounsall, 414 Foothill Blvd, requested that Council take into consideration the City's Urban Design Plan, General Plan, and the Bounsall's Memorandum of Understanding which outline the recommended uses for his properties. He urged the Council to stay with marrying the rules and regulations of the Napa County Winery Definition Ordinance. He stated that the Bounsall family have spent many funds on their development business plan with the assurance that the City welcomes their development concept. He stated that in these economic times it is imperative to keep business opportunities prospering in the City. He stated that his project will provide needed infrastructure, as well as transient occupancy tax, employment opportunities, and business vitality.

Peter Nissan, 3255 Bennett Lane, (Napa County Farm Bureau representative), stated he embraces the 75% grape sourcing rule.

Don Luvisi, 36 Magnolia Drive, stated his support for the 75% grape sourcing rule.

Council discussion ensued regarding the preparation of a grape sourcing ordinance for wineries and winery tasting rooms in the City.

Planning and Building Manager summarized Council direction regarding this item.

There was Council consensus regarding the proposed winery definition ordinance to direct staff to apply the 75% grape sourcing rule to all wineries in the City; obtain a legal opinion from the City Attorney as to whether it is legal to apply the 75% grape sourcing regulation to all the City's zoning districts. The Council agreed that 75% of the wine poured and sold in winery tasting rooms must be from Napa County grapes, and the remaining 25% of the grapes must be produced at a winery physically located in the County. The next steps would be for the Planning Commission to hold a public hearing to review the draft ordinance, and then to schedule a public hearing for Council to consider the introduction and adoption of the proposed winery definition ordinance.

Councilmember Slusser stated that there needs to be clarifications on the number of wineries and winery tasting rooms to be allowed in the City.

7. Presentation of a City Financial Report by Acting Administrative Services Director Spilman to address the Preliminary Fiscal Year 2010/2011 Year-end Report, and the two month status of Fiscal Year 2011/2012 Budget.

City Manager Spitler stated that this financial report comes earlier than the typical quarterly report due to the City's current financial crisis. He stated that during Fiscal Year 2010/2011 the General Fund went from \$758,000 to \$985,000 resulting in an increase \$227,000; however due to expenses associated with legal fees and the separation of four employees it resulted in an additional \$47,700 in expenses.

Interim Administrative Services Director Spilman provided a brief summary of the Fiscal Year 2010/2011 General Fund. He identified approximately \$1.3 million in additional revenues or other resources that were not identified when the City's budget was presented to Council in June 2011. He stated expenditures and other uses increased primarily due to \$1.6 million in capital improvement projects which lead to an increase in the ending fund balance in Fiscal Year 2010/2011 of approximately \$180,000. He stated the ending reserve of \$778,000 should have included a general liability claim from the Page Construction Project that was not clearly reflected in the draft budget (now removed from the General Fund). He stated after a preliminary review the Fiscal Year 2011/2012 General Fund revenues are projected to be an increase of approximately \$385,000 increase in revenues

that was presented in June 2011; primarily due to transient occupancy taxes, property taxes, and other grants for capital projects. He stated that the City's expenditures and uses have increased approximately \$376,000 primarily due to the delay in implementing the employee concessions that were adopted in the Fiscal Year 2011/2012, and approximately \$140,000 in capital improvements projects that were not clearly identified in the adopted draft budget. He stated that the projected fund balance at the end of Fiscal Year 2011/2012 is extremely low at approximately \$161,000 (2.5% of operating expenditures).

City Manager Spittler reviewed the next steps to work towards a healthier General Fund Reserve such as completing labor negotiations, closely monitoring actual revenues and expenditures, and a critical review department budgets. He stated that he is optimistic about getting the City's budget under control, and he will keep Council regularly on the City's budget. He stated that he plans to generate revenue through private investors that want to develop high-end resorts that are appropriate to the City.

Michael Quast, 1300 Washington Street, stated that adjacent businesses did not receive a notice about the closure of Washington Street for the Calistoga Downtown Blues Festival (***Item No. 4*** on tonight's agenda). He asked when PG&E's efforts to provide water conservation measures for low income residents would be initiated.

CITY MANAGERS REPORT

None were provided.

CITY COUNCIL ADJOURNMENT

To the next scheduled regular meeting of the Calistoga City Council, on Tuesday, October 18, 2011, Calistoga Community Center, 1307 Washington Street, 7:00 p.m.

Respectfully submitted:

Prepared by: Susan Sneddon, City Clerk

Approved by: Jack Gingles, Mayor