

Study Session: Present at the study session were City Councilmembers Ken Mierzwa, John Maxwell, Niels Lorenzen and Stuart Titus; Staff City Manager Jay Parrish, City Clerk Nancy Kaytis-Slocum; Consultant Elizabeth Conner and Market Study Author Mary Ellen Shay. The study session proceeded with a report from City Manager Parrish regarding the conveyance of the property from the Navy to the City including the plan for remediation of the mold in the house #101 and the Navy's need for a Lead & Asbestos addendum to the Environmental Report prior to conveyance. Consultant Conner gave an update on housing rehabilitation and the plans for the rehabilitation RFP for an estimated \$750,000. Timeline: We are about two months behind with the delays in conveyance and financing. We are working on four different things to minimize risk and cost: 1) conveyance; 2) RFP for rehabilitation; 3) ownership structure and 4) the market study. Mary Ellen Shay presented the Market Study. Can the units be rented and are rents reasonable? Her study shows that they are. Is the property competitive with amenities? Yes. She discussed other parts of the study and gave the conclusion that the rental of the units is feasible, and that we should proceed as quickly as possible. Non-Profit setup: Phil Aycock has filed and received the signed Articles of Incorporation for Ferndale Housing. Aycock recommends that we hold on this until the ownership structure has been decided. The study session concluded at 7 pm.

Mayor Jeffrey Farley called the regular City Council meeting to order at 7 p.m. Also present were Councilmen Mierzwa, Maxwell, Lorenzen and Titus as well as City Manager Parrish, City Clerk Kaytis-Slocum, as well as Consultant Elizabeth Conner and Mary Ellen Shay. Those present pledged allegiance to the flag.

Modifications to the Agenda: City Manager Parrish asked that 11i be moved to the front of the Business section.

Consent Calendar: MOTION: (Mierzwa/Titus) Accept Accounts Payable, Approve the minutes for February 3, 2011 and Approve the wording of Resolution 2011-05; Appoint Council as the Board of Directors for the Non-Profit Organization Called Ferndale Housing. Unanimous vote 4-0 (Councilman Lorenzen abstained which is not counted as a vote, according to the Rosenberg's Rules of Order).

Ferndale Housing Equity Use: Duane Martin spoke of his concerns that when the Navy Housing property is conveyed and appraised that the city would use it as equity on other projects. Staff explained that we would be legally constrained against using the equity.

Draft Market Study: Some changes in the text were suggested by the audience and council members. The author agreed to make changes and resubmit. MOTION: (Titus/Mierzwa) Move to postpone action until the next meeting. All in favor.

Request for Proposal For Lead and Asbestos Study: City Manager Parrish explained that if the Navy does the study, it will take about 6 months. If we do the study, it will be done in four to five weeks; however, we would have to pay for it. Comments from the audience included negotiating with the Navy to pay for half the study; waiting for the Navy to do the study, frustration over the length of time and money it is taking for the conveyance and the problems encountered. MOTION: (Titus/Mierzwa) Approve issuance of Request for Proposal not to exceed \$21,000. Motion carried with a Nay from Lorenzen. It is hoped that the RFP contract be awarded by the March 17th.

Financing for the Ferndale/Navy Housing Facility: Elizabeth Conner reported that we have been trying to obtain financing for the rehabilitation and pre-acquisition costs of approximately \$750,000. Traditionally this would be covered by public financing, but we aren't doing that. We have been talking with North Valley Ban (NVB), where we already have a loan; they are in first lien position. Cities can't use deeds of trust to secure loans, cities can't enter into loan obligation that takes more than one year to repay or for more than is in the unrestricted general fund. If we established a Public Housing Authority, they only serve 80% of less than area median income. This would be time consuming and onerous, with more restrictions. It is unlikely that the City of Ferndale would qualify. We could form a redevelopment agency, but that takes four to five years to set up. What we have left for options are: 1) We could work with NVB to use a different funding mechanism called a lease-lease back financing. We would sell the property to the bank for \$1 for a 25 year loan with the agreement that in 15 years we buy back the property from them for the balance of the loan. 2) Work with a non-profit – deed to the non-

profit with CCRs that the city writes. There are a fair amount of legal documents involved. There are two attorneys who can review our documents. Arcata will share their legal documents with us, which will save us money.

Pay Request for Management and Construction Related Costs for the WWTP. Kent Hanford spoke about the progress of the Wastewater Treatment Plant, which is about 43% complete. MOTION: (Maxwell/Titus) Approve Resolution 2011-11 for 7th Progress Pay Request for Management and Construction Related Costs for the WWTP. Motion passed unanimously 5-0. Mr. Hanford asked that the council allow a study session before the April meeting to discuss the Wastewater Treatment Plant.

Annual Financial Report for 2009/2010: Phil Aycock discussed the Draft Report concluded by saying that the city is in a healthy position. Duane Martin remarked that the roads in Ferndale need some work. City Manager Parrish said that although he would agree, reminded the council that we have paved more roads in the last four years than have been paved in the last 30 years, and since we have completed the priority list, we will be setting a new priority list. MOTION: (Maxwell/Mierzwa) Approve the City of Ferndale Annual Budget Audit for 2009-2010. Motion was unanimously approved.

Ordinance 2011-03: Medical Marijuana Dispensary Moratorium: MOTION: (Maxwell/Titus) Move to adopt Ordinance 2011-03 "An Ordinance of the City of Ferndale, California, Authorizing the Extension of Interim Urgency Ordinance No. 2010-03 Which imposes a Moratorium on the Legal Establishment and Operation of Medical Marijuana Dispensaries within the City of Ferndale pursuant to Government Code Section 65858," by title only and direct staff to post and notice it appropriately. Motion carried unanimously.

State Video Service Franchises Ordinance: MOTION: (Farley/Maxwell) Approve the second reading of Ordinance 2011-02, "State Video Service Franchises Ordinance" by title only and direct staff to post and notice it appropriately. Motion passed unanimously.

Disposal of Obsolete and Redundant Records: MOTION: (Maxwell/Titus) Approve Resolution 2011-12 Authorizing Disposal of Obsolete and Redundant Records. Motion passed unanimously.

Appoint Committee/Commission members: Mayor Farley reappointed Jorgen von Frausing Borch and Lino Mogni to the Planning Commission, and Robert Burroughs to the Library Board, all for four year terms. MOTION: (Titus/Maxwell) Approve Mayor Farley's appointments. Motion passed unanimously.

Correspondence: City Manager Parrish spoke about the letter we had received from Housing and Community Development regarding our Housing Element and compliance with the Regional Housing Needs Assessment (RHNA) allocation. We may only get credit for 25% of the Navy Housing for the RHNA numbers we are required to provide, and the Housing Element will have to be adjusted to account for that.

Staff Report and Community Announcements: City Manager Parrish talked about the Power Point setup purchased by Police Chief Bret Smith and installed in the auditorium at City Hall. He also spoke of the changes on the city hall green thanks to an anonymous benefactor who paid for the new trees.

The meeting was adjourned at 9:20 pm. The next regular council meeting will be April 7, 2011.

Respectfully Submitted:

Nancy Kaytis-Slocum

City Clerk