

reports with the City Council and stated that it was a clean audit with no large adjustments required. The following was noted during discussion of this item:

- * Staff will bring some recommendations to the Council as part of the mid-year budget review on how the City formulates and characterizes the reserves so that they don't show up as unassigned fund balances.
- * The miscellaneous income on Page 9 is generally refunds or rebates; this amount varies greatly from year to year because the Redwood Empire Municipal Insurance Fund refund is based on the City's experience during the prior year.
- * The Reconciliation of the Government Funds Balance Sheet to Statement of Net Position is required in the CAFR. It is the way to get from the modified accrual balance to full accrual balance.

A motion was made by Councilmember Deitz, seconded by Councilmember Hammerstrom, that the Comprehensive Annual Financial Report (CAFR) be approved. The motion carried by the following vote:

Aye: 5 - Mayor Turner, Vice Mayor Courtney, Councilmember Deitz, Councilmember Hammerstrom and Councilmember Kraut

- B. 14-023** Receive Report and Consider Adoption of City Council Resolution (1) Upholding an Appeal by Walnut Main Group of the Planning Commission's December 18, 2013 Decision to Deny Permits for Conversion of Existing Office Building to Retail Use/Dollar Tree (CDP 5-2013, DR 5-2013, UP 4-2013, and LLA 1-2013); (2) Adopting Mitigated Negative Declaration; and (3) Approving CDP 5-2013, DR 5-2013, UP 4-2013, and LLA 1-2013 (825 and 845 South Franklin Street)

Assistant Planner Spade reviewed the Agenda Item Summary prepared for this item with the City Council. Items noted during discussion included:

- * The entire project is contingent upon written approval by all the trust holders.
- * Staff will monitor the intersection and when the stop signs are warranted they will be installed and the applicant will be required to pay the \$500.
- * The existing sign on the corner of South and Franklin Streets will be lowered and will not be illuminated. The only signage proposed for the door is small vinyl lettering on the glass saying that it is an emergency exit only.
- * Attorney David Rapport stated that Special Condition 2 is a normal requirement; it is standard practice when there is a deed of trust on the property involved in a lot line adjustment.

A motion was made by Councilmember Hammerstrom, seconded by Councilmember Deitz, that this Resolution be adopted. The motion carried by the following vote:

Aye: 5 - Mayor Turner, Vice Mayor Courtney, Councilmember Deitz, Councilmember Hammerstrom and Councilmember Kraut

Enactment No: RES 3693-2014

- C. 14-036** Receive Report and Provide Direction to Staff Regarding 2014 Community Development Block Grant Super-NOFA Grant Application

Housing & Economic Development Coordinator Owen reviewed the Agenda Item Summary prepared for this item with the City Council. Council and staff had a lengthy discussion regarding the most competitive project(s) for the application. Items noted during discussion included:

- * A location has not yet been identified for the community garden.

- * The Mendocino Coast Hospitality Center will need to enter into a lease/purchase agreement with the owners of 300 Harrison Street.
- * Concern was expressed regarding the properties proximity to Bainbridge Park.
- * A Use Permit will be required for the Harrison Street property.
- * The West Company doesn't create jobs per se but they provide training (on creating a business plan, marketing strategies, core competencies), one-on-one coaching, and loans.

Mayor Turner recessed the meeting at 7:39 p.m.; the meeting was reconvened at 7:49 p.m.

Public comment on this item was received from: Mendocino Coast Hospitality Center (MCHC) Executive Director Anna Shaw, Eric Dwyer, MCHC Operations Manager Paul Davis, Noyo Food Forest Marketing Director Virginia Loperena, Keith Rutledge from Renewable Energy Development Institute (REDI), and Bill Gibson.

Housing and Economic Development Coordinator Owen was directed to move forward on preparation of an application using the following project priorities:

- 1. Enterprise Fund - Microenterprise Assistance up to \$250,000;**
- 2. Public Facilities - Acquisition of 300 Harrison Street for a homeless & mental health service center, offices and transitional housing up to \$1,000,000;**
- 3. Public Services - 1) "HELP Plus": Home Energy & Water Assistance and Conservation Program (up to \$300,000) and 2) Community Garden Training & Food Provision Program (up to \$200,000).**

If any of these items cannot be done Owen was directed to work with Noyo Center Coordinator Sheila Semans to identify the best use of Planning funds for the Noyo Center.

D. 14-033 Receive Update Regarding Main Street Merge Lane Relocation Project and Provide Direction to Staff

Councilmember Hammerstrom suggested moving this item to the next meeting as he believes that the plans provided did not reflect Council's last direction. Public Works Director Varga noted that the plans are from July 2013 and do not include the Council's last direction; however, the information in the Agenda Item Summary Report is current and he would like to review it. He then reviewed the Summary with the Council. Items noted during discussion of this item included:

- * Previous discussion was mostly centered around the area from Redwood to Laurel Streets.
- * It was suggested that work not be done on Friday afternoons as that is when people come into town for the weekend.
- * Removal of the right turn lane at Redwood for southbound traffic was discussed again. It will be removed from the plans and the sidewalk and parking will be done in such a way to allow for addition of that right turn lane in the future if one becomes necessary.
- * Council was okay with a raised median on the block south of Redwood but requested that there just be a double yellow line north of Redwood.
- * The plans will be brought back to the City Council when they are final and ready to go out for bid.
- * Breaking the project into two construction phases won't add much time to the project but will add cost because the contractor will charge for mobilization for both phases.
- * Council suggested offering a premium for quicker construction. Staff cautioned that the City doesn't have enough funds to do the entire project as it is.
- * The location of utilities and drainage, slopes and ADA accessibility will all need to be looked at when considering widening the sidewalks.

Public comment on this item was received from: Dan Ladermann, business owner in Company Store.

Public Works Director Varga was directed to continue working with the