

**MINUTES
LAKEPORT CITY COUNCIL
SPECIAL MEETING
AUGUST 25, 2006**

- I. **CALL TO ORDER:** Mayor Mandrones called the special meeting of the City Council of the City of Lakeport to order at 3:02 p.m. with Council Members Robert Rumpfelt, Buzz Bruns, Roy Parmentier, and William Knoll present.
- II. **CLOSED SESSION:** A motion was made by Mayor Mandrones, seconded, and unanimously carried by voice vote that the closed session be moved to the end of the meeting.
- III. **CONVENE JOINT MEETING OF THE CITY COUNCIL AND THE CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT:**
1. Workshop
- Acting City Manager Knoll indicated that the City Council packets included ideas for stimulating discussion and a framework for some issues with respect to the proposed golf course project. The development of the CLMSD site is addressed in the General Plan update; the relevant policy is in the packet which sets the foundation for future development of the site. Other items in the packet included correspondence from Dale Neiman, and Chris Stabenfeldt from PMC, who are both interested in providing services for the potential golf course project.
- Acting City Manager Knoll indicated the project file appears to be incomplete but that it contains an exclusive negotiation agreement with Wooldridge which is unsigned. Mayor Mandrones explained that Wooldridge had made a presentation some years ago, but is now ill and is no longer involved in the project. He said the Origin group with Jim Burns made a presentation and it was decided they would be second in line if Wooldridge dropped out. Jim Burns feels they can come back in 90 days with an agreement. They have time and money invested in this project.
- Mayor Mandrones feels that Origin would be perfect group. They are building a new office building on Lakeport Boulevard, and they have a subdivision out by the hospital, and one behind the old bowling alley. Council Member Bruns said Wooldridge had a good record for this type of development; but, the City doesn't know if Origin has ever built a golf course. He would like to see some brochures.
- Mayor Mandrones indicated that everyone has to start their first project, and that Burns has done well with other cities and programs. Mandrones said the City needs to capitalize on Burns' experience, and that this group is ready to get this project going now.
- Council Member Rumpfelt said he is befuddled by the term "exclusive negotiation agreement." He has never seen a brochure as he was never privy to that. He is concerned about the word "exclusive." He had talked with former City Manager Randy Johnsen several times and was told that the City wouldn't talk to anyone else because the City was working on an exclusive negotiating agreement with Wooldridge. Four years later, Rumpfelt said, the City has nothing but a draft. The City may have lost some other people who may have been interested in doing this project. The City never put it out on the table for anyone else to know anything about, Rumpfelt said.
- Mayor Mandrones said there were two proposals that did not get to the Council that should be on file right now. Mandrones indicated two City Council Members were the committee for this matter, and staff was not involved by Johnsen.
- Jim Burns was present and said three years ago, the Origin group called him and asked if he would be interested in working with them on a golf course, but Johnsen said the City was working with Wooldridge. A year ago, Johnsen said nothing was happening on the project, and asked Burns to submit a letter of interest to the City. Wooldridge eventually enlisted Burns as a joint venture. Wooldridge then became ill. Burns decided to bring the Cristallago group – the Boegers, Origin, attorneys, etc, as well as the RRM Design Group who have designed numerous golf courses.

Burns said they are looking for a state of the art project, with smart growth policies, a goal to adopt the City of Santa Rosa's green building program, solar energy, fine arts program, etc. to make this perhaps the finest project in northern California. He wants to have the City share in the profits. They don't see anything that they feel uncomfortable with, from sewer, water, design problems, the Federal Home Administration, etc.

Burns said they know how to move projects through. The key to these projects are the Councils. Ft. Bragg has been working on a golf course since 1991. No dirt has been turned as of yet. Burns said if the City wants this project, their group can do it. But the City Council has to make commitment. Burns said they don't feel an exclusive negotiation agreement is necessary. They want to directly enter into a disposition, planning, and development agreement within the next 90 days. Burns requested that the City Council set up a committee to work with them. The Sacramento attorney has three days open next week to get the negotiations started.

Council Member Parmentier asked Burns to address the City's wastewater disposal problem.

Burns said the engineering firm has worked on that with the County on the Full Circle project, so he has a study that was completed. The engineer feels that the City can go to tertiary treatment on the existing plan with additional holding ponds. By going to tertiary, Burns said, the City is going to be able to dispose of a lot more wastewater. Burns does not see this as a problem. Within 30 days after an agreement is signed with the City, the engineer is going to come up with a plan to show specifically that it can be done.

Parmentier mentioned that the City had an overflow last year with the heavy rains, and that the group's plan would have to address additional storage. Burns said they fully understood that, and they don't see a problem.

Burns indicated that marketing the Cristallago and the City of Lakeport projects together could be a big benefit. Richard Knoll will be a big asset to the negotiation team, Burns said; however, the City needs a Financial Director, a Redevelopment Director, a City Manager, and a Community Development Director. Burns said the Council needs to get some help for Knoll. He also said they were going to develop the golf course in during the first year of the project.

Burns also said he would be happy to donate time to help the City work with the school district on the Dutch Harbor/Natural High project.

Burns said he feels good about this group doing the project, and that the group sounds strong.

There was no one else in the audience who wished to speak on this project.

Mayor Mandrones said he is willing to give the group 90 days to perform and get this thing rolling. He feels good about it, and said they are a good group that has made a good impression in the community, and they deserve a chance. These people want to run with the ball – give them the ball and see what they can do in 90 days, Mandrones said.

Burns said in 90 days, if the Council sets up a team to negotiate with them, they will come back with a disposition, planning, and development agreement that will outline all of the things that need to be done – the things the group needs to do. Burns also said that in 30 days they will have the sewer information; in 45 days they will have a plan. In the meantime, Burns said, in 30-45 days the City is going to have to start annexation, Sphere of Influence, General Plan amendment, dealing with USDA Rural Development Administration, and the City things, which will be spelled out precisely in a timetable. The timetable rests with the City, Burns said, because their group can move as fast as the Council can. He said again that the Council needs to get Richard Knoll some help.

Burns said he understands that the City wishes to use the same law firm that they are using, McDonough, Holland & Allen, and that the group would be happy to sign a release regarding conflict as long as the City uses the McDonough firm for Redevelopment and the Burns group uses them for the golf course project.

Council Member Rumpfelt asked Burns if their group can go as slow as the City might have to go. Some things may take time that the City does not have control over, such as LAFCO constraints. Burns said he understood, and that they can go at whatever speed is necessary, but the sooner the project is moved along, the more profit for the City.

Mayor Mandrones would like to have Richard Knoll and Steven Brookes working along with the two Council Members to work with Burns group. Burns said that is an excellent idea. There will be a lot of demands on the City's committee over the next 90 days, Burns said.

Utilities Superintendent Brannigan was in the audience, and Council Member Rumpfelt said he would like to hear from him regarding the sewer issues, and also from Richard Knoll on his thoughts, especially about the next 90 days. Brannigan said his concern is about the demands that may be made on him over the next 90 days as he is very busy right now dealing with the Regional Water Quality Control Board. City Attorney Brookes said the Notice of Violation is the lead item now that has to be responded to quickly and appropriately. First and foremost the CLMSD site is a disposal site, and the City has to keep the site permitted and cost effective. The second hurdle is going to be the USDA Rural Development Administration. There are other layers of government involved besides the City which can move very slowly. The City does not have complete control, Brookes said.

Rumpfelt and Mandrones both feel that the Burns group can deal with these issues, too. Burns said they would like to get the agreement in place before they spend any more money on the project. He feels that they can spend some time, because this is going to have to be done anyway. Burns said they trust that the Council will negotiate in good faith.

Brookes reiterated that the matter of the Notice of Violation is going to take staff time, and that it is very important that it be handled now with a plan to avoid or minimize a fine. It is a sewer disposal site, Brookes said, and the City has to first satisfy the State Board and keep the site operating.

Burns said their plan is to go to tertiary treatment with ponds and not have to spray at all. There will be sufficient area for holding ponds from the tertiary plant. Also, Burns said that the commitment of City time he was talking about was time with the Committee, not Brannigan's time.

Acting City Manager/Community Development Director Knoll asked to make several comments, and they were as follows:

Knoll said with all due respect to Mr. Burns and the development group, he is concerned about the sense of urgency that is being expressed to the Council. He said the Mayor mentioned that the City has been pursuing this project for a very long time. Knoll asked what the urgency is with the 90 day deadline. Why is there pressure being put on the City Council to move so quickly? The City's primary responsibility is very important, and providing sewer ought to be the top priority. Cities are not usually developers, Knoll said, but they have a responsibility to provide services to the community, and that has to be paramount as the City pursues this project.

Knoll said the list of draft development issues in the packets asks if the Council wishes to issue a Request for Proposals and complete a competitive selection process for a project developer, which would allow an assessment of the developers experience, track record of working with local government, financial strength, etc.

Knoll said that he has not seen anything in writing about the project developers, their financial strength and capabilities to do a project of this size. Knoll asked what is being negotiated; the City has not set any parameters. "What is to be included in the agreement?" he asked. It's the City's property. What would the Council like to have developed on that property, Knoll asked. There should be discussion about maintaining the sewer operation and the investment that the City has made in that property, aesthetic issues, and what the Council does or doesn't want to see there. Knoll said part of the site is oak studded, a steep hillside area. Does the Council want this area off limits or want it developed? There should be some review, some thought process put into how the Council wants to deal with this property, Knoll said.

Council Member Bruns asked if the Council would have to accept the proposal if they didn't like it. If they propose 47 mobile homes out there, the Council is not going to accept that, he said.

Knoll said again that he is not opposed to the project. He is looking for direction from the City Council as to what they want to see. He feels that the Council should be defining in general terms what they would like to see on this City-owned land. Knoll also feels that the full Council should be involved in these negotiations, not just two Council Members and a couple of staff members on the committee. Theoretically, Knoll said, this project could double the size of the City limits and the population of the City of Lakeport. It could change the face of this community, and that is a big responsibility that the full Council needs to be involved in.

Knoll said in just a matter of a few months, there will be two new Council Members. That will be right after this 90 day period that is being proposed. The new Council Members will need to be brought up to speed. There are two Council Members that will be leaving the Council. The current Council is committing this project to what will be a new Council in just a matter of months.

Council Member Parmentier said they are sitting on the Council today and making decisions. He said this development group will bring back some plans to let the Council look at. As for the top of the hills, he doesn't want to see any houses built up there. He mentioned hiking trails, open space, and he feels the development group will propose what is needed to pass muster. If they don't, then the Council will just tell the group that they don't want to do it, Parmentier said.

Knoll said it is easy to identify those specifics and tell the developer you want those kinds of amenities in the project. Knoll also mentioned the need for a market feasibility study for this project; perhaps the Council has seen one, but Knoll said he has not. This is the kind of project that is being built in world class destination communities in various states. Knoll said he feels the Council needs to understand what the market feasibility of this type of project is and understand what kind of competition there is and what kind of potential success or failure rates exist. What kind of quality is being proposed for this project? Knoll asked if the Council wants these questions answered in the agreement process.

Knoll indicated that there was previously a project manager on this project, although there was not a contract. He recommended that a competitive selection process be initiated if there is to be a project manager. He also recommended the same type of process to hire a developer. There are many developers out there that are very experienced and knowledgeable in this type of project, with very strong financial portfolios, who may be interested in talking to the City. Knoll said he has solicitations from other developers.

Mayor Mandrones said the City already has someone here willing to do this project.

Knoll said if this is the group that the Council wants to use, that's fine. He wanted to bring up the idea of a competitive selection process to see what other developers have to offer, what their financial strengths are, experience, history, and background, which he feels is in the public's interest.

Mayor Mandrones asked if it isn't fair to use this group because they have already invested time and money in this project. He feels that the City should give them a chance.

Knoll said the fact is the City has no obligation to be fair to this development team. The City has an obligation and a responsibility to the citizens of Lakeport. Certainly, Knoll said, we want to treat everyone in fair and equitable way. However, Knoll feels that the primary obligation is to the citizens in terms of addressing the issues that are in the public's interest. It is not unusual for a city to request proposals from various firms to assess their capabilities.

Rumfelt agreed that the Council should have a vision for this project as they did for the Third Street boat ramp project. He said as an individual Council Member, he has not looked at the CLMSD site as to where the houses should go or looked at things as a developer, because it is not what he does. Maybe the Council should think more about it from that aspect, in these types of meetings.

Knoll said as a property owner, as you go into a negotiation on a proposed project like this, the idea of having knowledge and an understanding of what you want to see happen with that property, what you want to see come out of it, how that relates to the public's interest and the public's good, is important. Having those things defined by a development group is not necessarily in the public's interest. Knoll also said the development process is designed to flush out issues that need to be taken into consideration and/or incorporated into a project design to protect the community's interest. For example, if you identify an archeological site on a property, Knoll said, that may be a reason not to develop there. It would be something that has to be planned around. That's part of the process, Knoll said.

Knoll said he is not trying to be negative; however, the City has one chance to do this project right. This project could change the whole face of this community.

Bruns said they have professionals who are going to lay out the design. So far the Council has not bought into it, Bruns said. If the Council doesn't like it, they can say no. The development group is gambling that the Council is going to like it, he said.

Knoll said the General Plan policy speaks to the idea of a specific plan, which is a planning process that is conducted by the City and the community and defines in detail where roads should be, areas that will be available for development and at what density, aesthetics and development criteria, quality issues, areas that are not developable due to various reasons, open space, etc. Specific plans are done by the City, not by developers. It sets the parameters that the City wants to see for a given piece of property.

Bruns said that if the Council does not like what the group comes up with, then they will stop it.

Burns said there is an urgency due to the fact that delays are costly. For example, he said, the City's project with the school – a \$25 million, four-star hotel project delayed for one year loses \$750,000 to the residents of the City. The Dutch Harbor property is an underperforming asset at best. He feels the City should not wait five months to work with Lakeport Unified School District about this matter, because it means losing TOT funds, etc. He feels that the golf course is an urgent project.

Burns said the process will work like this: they would negotiate for 90 days; then they will have an agreement that will spell out what the City is going to do, what the development group is going to do, and when it's going to get done. Immediately following that agreement, Burns said, their sewer people would go out to analyze what the problems are, and the RRM Design Group would sit down with the City and the development group and ask what the City wants them to design for that project. That's how it works; that's how the City offers its input, he said.

Burns said the City does not want to consider having the whole Council to be in negotiations, because they would be discussing financial elements, etc., and with a full Council, the meetings would have to be public, and that is not a way to negotiate, he said. It's never been done that way that he has ever heard of, Burns said. He also said the City will get the chance to add input. As far as money, Burns said, if the Council does not feel his group has enough money, they can associate with someone to bring in all the money that is needed.

Rumfelt indicated that he needed to think about this matter. There has been a lot of information and issues coming from the discussion, things that he is hearing for the first time, and he is asking himself questions. He said perhaps the City did not need to look for other developers because they already have a group who wants to build the project; but he would still like to think about it. Rumfelt said the site is not being used for all that it could be used for; but he said he would hope that he doesn't have to make the decision at this meeting.

Council Member Knoll said his thoughts revert to Rumfelt's thoughts. He said he knows that this group has a lot of successful people behind them, but there are more golf course developers out there that could be competitive. When we make improvements to our homes, Council Member Knoll said, we get different bids. He indicated he would like to think about this, and perhaps talk with Burns personally.

Burns said the City is not signing a contract at this time, but are giving the group the right to negotiate with us. The City has a beautiful site, and this project can bring revenue to our City. We're simply allowing this group to show us what they can do, Burns said. If the Council does not like the design, then they won't agree to it. For example, he said he would not agree to anything that would make the sewer rates go up.

Council Member Parmentier asked what better use for that site than a golf course. It's the key to a four-star hotel, he said. It will make Lakeport a destination. Parmentier said it's time to get something done. With City staff and the group's staff, this project can be put together, and it will be a fine project. It is a win-win project.

City Attorney Brookes said he wanted to clarify the matter of the agreement. With Woolridge, he said, there was an exclusive negotiation agreement. The term Burns is using is a disposition, planning, and development agreement. Brookes said there is a distinction between the two.

Burns said an exclusive negotiation agreement says that the City will not negotiate with anyone else, which protects the developer. Burns indicated that he didn't feel that that step was necessary, because he trusts the Council not to negotiate with anyone else. They want to go straight to the disposition, planning, and development agreement, which, he said, is usually done at the conclusion of exclusive negotiation.

Burns stated that at the end of 90 days, the disposition, planning, and development agreement will say that the City will undertake annexation, that the development group will begin the sewer study, the design study, and lay out the entire process of going through to the ultimate sale of the property. Once that is signed, Burns said, they will then sit down with the Council and look at the plan, the type of development that the Council wants, and they'll bring back the sewer concept with tertiary treatment. They need some type of agreement before they can start expending those kinds of funds, Burns said. Then they'll get RRM Design Group together with the City Council and talk about how many houses, density, where they should be built, etc.

A motion was made by Council Member Parmentier, seconded by Council Member Rumfelt, and unanimously carried by voice vote to consider a disposition, planning, and development agreement with the Jim Burns group, to develop a golf course, home project, and new sewer plant for the City of Lakeport.

IV. CLOSED SESSION: The meeting was adjourned to a closed session at 4:40 p.m.

- V. **REPORT FROM CLOSED SESSION:** The meeting was returned to open session at 4:53 p.m. The Mayor announced that the Acting City Manager has been provided authority and appointed to attend the Settlement Conference in *Mayor v. City of Lakeport*. The Mayor also announced that the City Council has approved the Retirement Agreement for Randy Johnsen.
- VI. **ADJOURNMENT:** There being no further business, Mayor Mandrones adjourned the meeting at 4:55 p.m.

ATTEST

APPROVED

JANEL M. CHAPMAN, City Clerk

TED MANDRONES, Mayor