

**CITY OF BRAWLEY**  
**December 19, 2017**

The City Council of the City of Brawley, California met in regular session at 6:00 PM, City Council Chambers, 383 Main, Brawley, California, the date, time and place duly established for the holding of said meeting. The City Clerk attests to the posting of the agenda pursuant to G.C. §54954.2.

The meeting was called to order by **Mayor Nava** @6:00 PM

**PRESENT:** Couchman, Hamby, Kastner-Jauregui, Nava, Wharton  
**ABSENT:** None

Invocation was offered by **Pastor Tom Charlton, Full Gospel Church**

Pledge of Allegiance was led by **CM Kastner-Jauregui**

**1. APPROVAL OF AGENDA**

The agenda was **approved** as amended. m/s/c Kastner-Jauregui/Couchman 5-0

**Item No. 4-a:** Discussion and Potential Action re: Request from Allied Waste Services, Inc. / Republic Services to Increase Rates Due to Implementation of SB1. CPI adjustment will become effective as of January 1, 2018. **The item was withdrawn.**

**2. PUBLIC APPEARANCES/COMMENTS**

- a. **Marjo Mello, Library Director** invited everyone to Story Time and Crafts with Santa Claus at the Del Rio Branch located at 1501 I St on December 21, 2017 starting at 5:30pm.
- b. **Ruby Walla, Interim Parks and Recreation Director**, invited everyone to Movie Night at the Lions Center. *The Grinch that Stole Christmas* will be showing, popcorn and a drink will be provided to all attendees. They may also bring their own chairs, blankets and snacks/refreshments. All attendees must be accompanied by an adult.
- c. **Kelly Brown, Interim Police Chief** introduced Police Sergeant Luis Sanchez and Police Office Diana Diaz.

**3. CONSENT AGENDA** Items are approved by one motion. Council Members or members of the public may request consent items be considered separately at a time determined by the Mayor.

The consent agenda was **approved** as submitted. m/s/c Couchman/Kastner-Jauregui 5-0

**AYES:** Couchman, Hamby, Kastner-Jauregui, Nava, Wharton  
**NAYES:** None  
**ABSENT:** None  
**ABSTAIN:** None

- a. **Approved** Accounts Payable: December 8, 2017  
December 11, 2017

**4. REGULAR BUSINESS**

- a. Discussion and Potential Action to Approve Resolution No. 2017- : Resolution of the City Council of the City of Brawley, California, Supporting the Brawley Adams Family Housing Project, Approving and Authorizing a Request from Chelsea Investment Corporation, Inc. to Levy Fully Justified Assessment Fees and Execute a Fee Deferral Agreement for the Construction of a 72-Unit Income- Restricted Family Apartment Complex, Located on the South Side of C Street Between Eastern Avenue and Best Avenue.

**Staff Report** – Gordon Gaste, Planning Director

**Gordon Gaste, Planning Director** stated that the City of Brawley City Council recently approved a Zone Change, General Plan Amendment and Tentative Tract Map for up to 240 apartment units to be located on the 1500 Block on the south side of C Street. The developer, Chelsea Investment Corporation, is proposing to construct the project in several phases. The first phase consists of a 72 unit income-restricted family apartment project. Chelsea Investment Corporation intends to submit an application requesting up to \$7,500,000 of funding from the state's Affordable Housing and Sustainable Communities (AHSC) program. The project combines affordable housing and sustainable transportation infrastructure to significantly reduce greenhouse gas emissions, the central policy of the AHSC program. Chelsea is proposing to incorporate certain environmental features in design and construction. These elements will achieve LEED Gold certification with net-zero photovoltaic solar energy production. The project approach also includes up to \$1,250,000 of walkway, bikeway, and other infrastructure improvements the City has identified in the vicinity of the proposed housing development.

**CM Couchman** asked if approving this action would affect the City negatively.

**CM Bayon Moore** reported that there have been several questions that have been raised with reference to the impacts of a higher density set of dwelling units on the City system. When a development impact fee study is prepared and considered by the City Council, it distinguishes between the types of uses that are lower and higher intensity. The offset gained in a project of this nature is that that multi-family has a different assessment than a single-family because it creates greater demands on the service delivery system. As population grows, there are greater demands on the system and the development impact fee process is intended to be a method for offsetting the effects on City services from today to when you introduce a new project with new demands. It is a method of holding the applicant responsible for it. Sometimes an applicant or developer might ask to be assessed a higher rate. Per a development impact fee study and a water and sewer study conducted in 2011 which are valid for five years, it was determined to phase in development impact fees over three years and water and sewer capacity fees over five years. After the first year of increases, the City Council directed that no fees shall increase unless approved by the City Council. The applicant has a sound approach that relies on the City's nexus study and proposes to be charged at a higher level. They will pay the current rates at the time of development and the difference of the higher rate over a fifty-five-year period. From the point of view of whether this a negative for the City of Brawley, if the City didn't move forward to assess the higher rates, the developer would still have the option to pull building permits tomorrow and just pay the lower amount. The reason that they are requesting the higher amount is so they can join with the City to strengthen their application and accomplish a set of improvements that are of value. Per the Housing Element, the City has an obligation to serve all types of residents whether they're moderate income, high income, low or very low income.

**CM Couchman** asked if the approval is not granted by the City Council, would it affect the possibility of the developer giving the City the 1.25 million dollars. **CM Bayon Moore** indicated that without the City's partnership, the likelihood of the applicants receiving the grant award would be lessened as it is based on a point system.

**CM Kastner-Jauregui** expressed her concerns over communication sent by City Staff that the developer would pay the City over an extended period of time but only when the project is operationally profitable.

**Kursat Misirlioglu, Director of Finance for Chelsea Investments**, stated that the timeframe accounts for the project's start date to full development and placement into service. Once the operations are stabilized, they

generate income. The typical 55-year residual receipt loan agreement timeline allows the project to prioritize the cash flow in a way that would assure the full payment of the loan amount together with the interest. Chelsea is applying for funds from the Affordable Housing and Sustainable Communities (AHSC) Program governed by the Strategic Growth Council. Typically, the way the deal structure works is that City and developer have a priority agreement discussion with HCD. HCD could not help with accomplishing affordable housing development but also sustainable transportation infrastructure. In this case, these are defined as bike lanes and sidewalks as a grant which will benefit the City directly.

**CM Kastner-Jauregui** asked what happens to the agreed upon funds should the project proponents decide to sell the property before the 55 years are up?

**Mr. Misirlioglu** stated that ownership is with a limited partnership. The deed restrictions are for 55 years. Once the agreement is entered into, they will be tied to the property for the duration. Every 15 years, there is a possibility that there could be a rescission occasion if the project needs substantial rehabilitation. At that time, the project would be recapitalized or refinanced but the lien position would be honored.

**CM Hamby** asked where are other Chelsea Investments properties.

**CM Bayon Moore** stated that currently there are two in the City one is the Elks Senior Apartments on Willard Avenue/Panno Road and Brawley Family Apartments on C Street/Best Road.

**CM Hamby** asked if we have any similar agreements with the other Chelsea properties.

**CM Bayon Moore** mentioned that there is a similar agreement with the Elks Apartments where the City goes through a reporting process to determine if residual receipts are available. These arrangements are also recognized as part of the City's annual Approved Audits.

**CM Hamby** asked if that development has had a profit at the end of the year.

**CM Bayon Moore** said that it has had the effect of a resulting payment to the City. The covenants associated with an income restricted property suggest that you're usually past the midpoint before you start receiving payments so we're not past the midpoint yet on either of those two subjects as they are relatively young projects.

**Mr. Misirlioglu** stated that at the time of the other projects, there were different funding sources available. What Chelsea believes helps the project economically and strategically is that 13 project-based vouchers have been secured from IVHA for the developmentally disabled population that that would be hosted at this project site. The project-based vouchers pay fair market rents even though they target low LMI population in terms of income qualification. However, the rents are set per HUD instructions every year. It is fair market rent when you underwrite a financial model. The underwriting is very conservative.

Chelsea is asking for a subsidy for the affordable housing development and also 1.25 million dollars for the City. Hire of local workers is required at prevailing wages. Also required is the development of sidewalks and bike lanes. The project is proposed as net zero which means that Chelsea is trying to size a solar project onsite that would cover the full load of the project. The main reason for the requested increased impact fee is that the program is relatively competitive and the higher assessment makes this project more competitive as an applicant with leverage even though it is deferred. Local support from a local agency not only counts in point calculations but also shows that there is local support for the project. The project combines affordable housing, transportation improvements, energy efficiency and greenhouse gas emission reductions. The deadline is January 16, 2018.

**CM Kastner-Jauregui** asked what the fees would be once the permits are pulled. **CM Bayon Moore** stated that fees would be estimated to be \$600,270. Combined with the deferred amount, the total represents \$1,342,152 in Development Impact Fees and Water and Sewer Fees.

**CM Couchman** clarified that what they were doing now is approving support of the application to create an agreement that would be brought to the City Council later. It is in the best interest of the City to approve the resolution and bring back the actual agreement later to be finalized.

**CM Bayon Moore** agreed with **CM Couchman** that the final language will be brought to the City Council at a later date.

**CM Couchman** asked **Interim Police Chief Kelly Brown** about his experience with the neighboring apartment complex.

**Kelly Brown, Interim Police Chief**, stated that Police response numbers at the sister facility where there are 76 units are a total of 48 calls for service over the last 12 months, which averages 4 calls per month. It is a gated community which restricts access and deters crime. The fire response numbers during that same timeframe was one call for medical aid.

**CM Bayon Moore** added that the part of the resolution that references a "Whereas the fee deferral shall be paid from 20% of residual cash flow from the project at the applicable federal rate with a term of 55 years" may be reworked to ensure that the City Council could review the final terms

**CM Hamby** asked for a breakdown of impact fees and permit fees? **CM Bayon Moore** said that permit fees were not considered and would be on top of the Development Income Fees.

**Mayor Nava** added that there a member of the public who contacted him and told him that a there was communication with an outside agency that there was going to be 80 units built.

**Mr. Misirlioglu** said that they were in contact with the IID who expressed support for the project. Originally, there were 80 unites planned during the re-zone process which was driven by the lot size. However, the status of the project changed in terms of which category it is now competing for in the application process.

**CM Hamby** asked when all the phases of the project would be completed? **Mr. Misirlioglu** mentioned it would take six to eight years to see four full phases complete.

**CM Hamby** asked if the IID has capacity to support this project. **Mr. Misirlioglu** stated that everything was considered but it was signed for this first phase only.

**CM Hamby** asked if it the Net Zero component could be connected to the grid? **Mr. Misirlioglu** yes it would be connected to the grid instead of net metering to finance the net zero solar on site.

**Kay A. Pricola** asked if they would be exempt from taxes only for the City and what about schools would they receive any tax funds. **CM Bayon Moore** said they would be exempt from taxes for all entities and schools will only receive school development fees.

**CM Wharton** stated that his perspective on this project is while they would be tax exempt, this land would be utilized as it has been vacant for many years. This would leave the property open to other projects like these from a private entity. The City has additional inventory to allow for such projects that would generate property tax income.

**Eric Reyes, Brawley resident** mentioned that housing costs are rising and there has not be an development impact fee increase since 2011. He urged the City to complete a new Nexus Study to avoid a regressive tax such as the City of Imperial has implemented.

The City Council **approved** Resolution No. 2017-50: Resolution of the City Council of the City of Brawley, California, Supporting the Brawley Adams Family Housing Project, Approving and Authorizing a Request from Chelsea

Investment Corporation, Inc. to Levy Fully Justified Assessment Fees and Execute a Fee Deferral Agreement for the Construction of a 72-Unit Income- Restricted Family Apartment Complex, Located on the South Side of C Street Between Eastern Avenue and Best Avenue. m/s/c Kastner-Jauregui/Couchman 5-0

c. Discussion and Staff Direction re: COLAB Correspondence Dated December 1, 2017

**Mayor Nava** gave some back ground to the COLAB Letter received regarding Essential Air Service.

**Kay Pricola, Executive Director of COLAB** said that the Imperial County Airport is currently operating with a granted waiver under the provisions of the Essential Air Service (EAS). Funding provided by the Federal Government is in jeopardy. Imperial is one of the four Cities in California to receive this funding. Mokulele Airlines is doing well but would lose their service.

## **5. CITY COUNCIL MEMBER REPORTS**

**Hamby:** Attended the Christmas Art Market and Holiday Cheer and met with Mayor Nava.

**Kastner-Jauregui:** Attended the Annual Tree Lighting Ceremony, mixer at Community Valley Bank, Angel Tea Party, Christmas Art Market and Holiday Cheer.

**Couchman:** Attended the Annual Tree Lighting Ceremony, mixer at Community Valley Bank, Angel Tea Party, Christmas Art Market and Holiday Cheer, was a judge for a Karaoke Contest at Ricochet, Career Technical Education Meeting at BUHS. Commended Miguel Perez from Parks/Recreation Department for his presentation at Rotary. Also in attendance was City Manager Bayon Moore and Parks/Recreation Coordinator Linda Santos-Self. Wished everyone a Merry Christmas and Happy New Year.

**Wharton:** Attended the Imperial Council Medical Society Christmas Dinner and House of Bread Ministries Bike Giveaway. Wished everyone a Merry Christmas, Happy New Year, and safe holidays.

**Nava:** Attended many events these last couple of weeks and the Star Wars event hosted by the Imperial County Film Commission. Thanks to all City Staff for hard work throughout the year and looks forward to 2018.

## **6. CITY MANAGER'S REPORT**

a. Strategic Planning Meeting that the library will be convening along with the Library Board of Trustees will be facilitated by CM Wharton.

b. Interest has been expressed in moving forward with a discussion on City Council Norms and Procedures. Formation of an Ad-Hoc Committee will be considered at the next meeting.

## **7. CITY TREASURER'S REPORT**

a. City of Brawley Investment Activity Report as of September 30, 2017.

**8. CITY ATTORNEY'S REPORT** None to report.

## **9. CITY CLERK'S REPORT**

a. Christmas Party at Hidalgo Hall is Thursday, December 21, 2017 starting at 7pm.

**ADJOURNMENT** @ 7:46pm

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***Alma Benavides***, City Clerk