

**MINUTES  
JOINT SAND CITY COUNCIL AND SUCCESSOR AGENCY  
OF THE REDEVELOPMENT AGENCY**

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Regular Meeting – November 19, 2013  
7:00 P.M.  
CITY COUNCIL CHAMBERS

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Mayor Pendergrass opened the meeting at 7:01P.M.

The Pledge of Allegiance was led by Police Chief Michael Klein.

The invocation was led by Reverend Robert Hellam.

Present: Council Member Blackwelder  
Council Member Carbone  
Council Member Hubler  
Council Member Kruper  
Mayor Pendergrass

Staff: Steve Matarazzo, City Administrator/Community Development Director  
Jim Heisinger, City Attorney  
Leon Gomez, City Engineer  
Michael Klein, Police Chief  
Connie Horca, Deputy City Clerk  
Charles Pooler, Associate Planner

**AGENDA ITEM 4, COMMUNICATIONS**

A. Written communications distributed to the Council were a Powerpoint Presentation (Agenda item 7B), revisions to the Draft Mitigation Monitoring and Reporting Program, Coastal Development Permit (CDP 13-06) Resolution, and Public Comments regarding comments on the Final Environmental Impact Report for the Collections at Monterey Bay Project (Agenda item 8B), a letter from the Transportation Agency of Monterey County regarding the California Avenue Extension Easement, the 2013 Monterey County Convention and Visitors Bureau Travel Impacts report, and a list of possible conflicts for tonight's meeting.

B. Oral Communications: None

7:03 P.M. Floor opened for Public Comment.

There were no comments from the Public.

7:03 P.M. Floor closed to Public Comment.

**AGENDA ITEM 5, CONSENT CALENDAR**

- A. Conditional Use Permits (CUPs) and Coastal Development Permits (CDPs) are subject to annual review by the City Council and City staff. Upon review of each of the following Use Permits, staff is recommending continued operation of the Use Permits to the City Council based on the finding that these uses are in compliance with their permits. There was no discussion of the following use permits.
- 1) CUP #328/CDP 88-01, Granite Rock (construction), 1755 Del Monte Blvd
  - 2) CUP #478, Signature Nails (sales/service), 824 Playa Avenue
  - 3) CDP 09-05, Coastal Fabrication, (welding/fabrication), 755 Redwood Avenue
  - 4) CUP #534, Big Sur Marathon, (storage), 570 California Avenue
- B. There was no discussion of the Sand City Council Meeting Minutes, November 5, 2013.
- C. There was no discussion of the Public Works Monthly Report, October 2013.
- D. There was no discussion of the Police Department Monthly Report, October 2013.
- E. There was no discussion of the City/Successor Agency Quarterly Treasury Report, September 30, 2013.
- F. There was no discussion of the Sand City Joint Powers Financing Authority **Resolution** Confirming its Officers.
- G. There was no discussion of the Fort Ord Reuse Authority (FORA) Monthly Report, November 2013.
- H. There was no discussion of the City/Successor Agency Monthly Report, September 2013.
- I. There was no discussion of the Pay Grade for Police Officer New Hire.

Motion to approve the Consent Calendar was made by Council Blackwelder, seconded by Council Member Carbone. AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

## **AGENDA ITEM 6, CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR**

There were no items pulled from the Consent Calendar.

## **AGENDA ITEM 7, PRESENTATION**

- A. **Presentation of Certificates of Appreciation to the 2013 West End Celebration Participants, Sponsors and Volunteers**

Mayor Pendergrass and Stephen Vagnini, Coordinator of the 2013 West End Celebration, presented certificates of appreciation to the participants, sponsors, and volunteers of the 2013 West End Celebration. Mr. Vagnini reported that the event this year received the largest sponsorship, including donations from P.G. & E., Rabobank, and Cal-Am Water. Council Member Kruper presented "Guitars not Guns" T-shirts to those in attendance who received recognition for their participation. Mr. Vagnini extended a special thank you to Michael & Gay Morris, who have avidly supported the event since its inception, and to Robbie Robinson of Carmel Stone Imports who has graciously opened his warehouse to host the Friday night kick-off concerts the past two years. He also thanked the City Council for their support of the West End Celebration. Mayor Pendergrass presented a certificate of appreciation to Mr. Vagnini, and thanked him for his efforts, organization, and hard work in putting together the 2013 West End Celebration.

**B. Presentation by Monterey Peninsula Water Management District General Manager, David Stoldt on Peninsula Water Supply Projects and Ratepayer Relief Bonds**

The Monterey Peninsula Water Management District's (MPWMD) General Manager David Stoldt presented an update on the progress of water supply projects and the mechanics and benefits of "Water Rate Relief Bonds" as a public contribution. He reported on the water supply gap, which may trigger a Stage 7 rationing due to lack of annual rainfall and the residential demand for water. He summarized the Peninsula's actual water portfolio and possible water supply solutions. These solutions would come from the Groundwater Replenishment Project, Aquifer Storage Recovery, Seaside Basin, the Carmel River, and the proposed regional desalination project. Mr. Stoldt also reported on the key parties involved in the settlement agreement (identified as Cal-Am, Monterey Peninsula Water Pollution Control Agency (MRWPCA), Monterey County, Joint Powers Authority, and Monterey Peninsula Water Management District). The District's involvement in the Groundwater Replenishment (GWR) project would involve the funding and selling of water. Cal-Am would purchase the water, and the MRWPCA would oversee operations and water production. MPWMD would provide governance and oversight in regard to the desalination project, as well as researching water rate relief financing by drafting legislation, conducting public outreach, compute costs and savings analysis, and the execution of bond sales. Mr. Stoldt further explained the mechanics of how the water rate relief financing and ratepayer relief financing would work. In conclusion, Mr. Stoldt reported on the per acre foot of costs related to the above projects, the projected impacts to Monterey water bills, and the timeline regarding the 2014 Draft Environmental Report and the when the CPUC will act on the proposed decision.

Mayor Pendergrass thanked Mr. Stoldts for his presentation.

**AGENDA ITEM 8, PUBLIC HEARING**

- A. **SECOND READING: Ordinance Amending Title 15 of the Sand City Municipal Code to Adopt the 2013 California Building Code and Appendices H, I, J; the 2013 California Historical Building Code; the 2013 California Existing Building Code, the 2013 Residential Code; the 2013 California Plumbing Code; the 2013 California Electrical Code; the 2013 Mechanical Code; the 2013 California Green Building Standards Code including Appendix G and I; the 2013 California Fire Code; and the 2012 International Property Maintenance Code except Section 111**

Associate Planner Pooler presented for Second Reading of the Ordinance amending Title 15 of the Sand City Municipal Code to adopt 2013 Building, Plumbing, Residential, Electrical, Mechanical, Green Building and Fire Codes, along with the 2012 International Property Maintenance Code. The Council moved to adopt the First Reading at the November 5, 2013 council meeting. Staff recommends adoption of the Ordinance amending Title 15 of the Sand City Municipal Code. This ordinance would take effect within 30 days after adoption. There have been no changes or alterations since the first reading. Staff recommends adoption of the Ordinance.

7:44 P.M. Floor opened for Public Comment.

There was no comment from the Public.

7:44 P.M. Floor closed to Public Comment.

Motion to approve the Second Reading of the **Ordinance** amending Title 15 of the Sand City Municipal Code to Adopt the 2013 California Building Code and Appendices H, I, J; the 2013 California Historical Building Code; the 2013 California Existing Building Code, the 2013 Residential Code; the 2013 California Plumbing Code; the 2013 California Electrical Code; the 2013 Mechanical Code; the 2013 California Green Building Standards Code including Appendix G and I; the 2013 California Fire Code; and the 2012 International Property Maintenance Code except Section 111 was made by Council Member Kruper, seconded by Council Member Hubler. Roll Call vote, AYES: Council Members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSTAIN: None. ASENT: None. Motion carried.

- B. **Consideration of: (1) Certification of the Final EIR (FEIR), (2) adoption of Mitigation Monitoring and Reporting Program (MMRP) and (3) Site Plan Approval (SP 13-03) and Coastal Development Permit Approval (CDP 13-06) for Proposed 340-unit Coastal Resort Known As “The Collection at Monterey Bay”, proposed by King Ventures, located at the Northwest Quadrant of Tioga Avenue/Highway One**

City Administrator Steve Matarazzo reported that the Collection at Monterey Bay proposed project began as a 342 room coastal resort and has been reduced to 340 rooms. The redesign of the project was primarily related to staying out of view corridors as required by the Local Coastal Plan (LCP).

Mr. Matarazzo then gave a brief summary of coastal planning in Sand City. He emphasized a portion of the Sand City LCP which states: *"The legislature further finds and recognizes that conflicts may occur between one or more policies of this division. The legislature therefore declares that in carrying out the provisions of this division, such conflicts can be resolved in a manner which, on balance is the most protected of significant coastal resources. In this context, the legislature declares that broader policies, which for example serve to concentrate development in close proximity to urban and employment centers, be more protected overall, than specific wildlife habitat and other resource policies"*. The LCP accentuates this policy for Sand City, and in addition, the City has been cooperative in reducing the urban density within the Coastal zone for many years. The public hearing for the Draft Environmental Impact Report (DEIR) was held in January 2013. There were significant flaws found in the proposal at the time, and alternative environmental designs were recommended as depicted in the resolutions presented to the Council. Most of the project team is present and will speak on behalf of the project. The EIR firm is represented by Will Burns and John Schwarz. The project developer and planner, John King and Dave Watson are present as well as the traffic consultants. The planner for the project will give detail regarding the design that includes mission style elements with significant architectural detail. This project is also part of a disposition and development agreement that was signed by the former redevelopment agency and the developer several years ago, and initiated as a redevelopment project. Due to last minute public comments received and following Council's review of the public comments, Staff is recommending that the Council close the public hearing on the Environmental Impact Report, and the public hearing for the Mitigation Monitoring and Reporting Program, and, continue the Site Plan and Coastal Development Permit approval for the Collections at Monterey Bay Project to the December 17<sup>th</sup> Council meeting. Mr. Matarazzo read a portion of the Coastal Commission letter received tonight.

Mr. Matarazzo introduced Dave Watson, Project Planner for the Collections at Monterey Bay Project. Mr. Watson confirmed that a number of meetings have occurred over many years with the Coastal Commission Staff. He summarized the project sites for the proposed development that includes the Sterling, McDonald and Granite Construction sites that comprise a total of 26.46 acres. The Sterling Site would include 105 hotel units, 227 resort parking spaces, 14 public parking spaces and blufftop access trails. The McDonald Site includes 235 hotel rooms, 434 resort parking spaces, 44 public spaces, an 11,950 sf restaurant/lounge feature, a 5,000 SF spa, and 16,500 sf conference center. The Granite Construction Site would include 44 public parking spaces and a connection of the bike and pedestrian trail. The Collection at Monterey Bay is envisioned to be a classic "Early California" architectural theme, reminiscent of the days when Monterey was the center of Spanish California's government and culture. Grounds and landscaping would invite a pedestrian experience by including a combination of extensive dune planting palates and native plant selections to complement the Monterey Bay climate. Mr. Watson also reported on the impacts of visitor and public use, environmental sensitivity, dunes

stewardship, public education, and community benefits. The redesign of the project incorporated comments received from the draft environmental report to address several impacts that will be reported by David Powers and Associates. The project addresses three (3) view corridors identified under the LCP. Corridors A, B and C all include views to the Monterey Bay and establish "sight lines" between ocean and horizon to insure 2/3rds of blue ocean views are maintained uninterrupted. The primary objective of the view corridors is to allow motorist to see 2/3rds of the bay above the project as they travel along southbound Highway One.

The City Administrator added that the correct Mitigation Monitoring and Reporting Program (MMRP) was distributed to the Council. He introduced Will Burns, Project Manager of David Powers and Associates. Mr. Burns presented the environmental review process for the Collections of Monterey Bay Final Environmental Impact Report. He summarized the EIR process and analysis that addressed several topic areas. Significant Environmental Impacts identified and addressed in the report included visual-view corridor encroachment, transportation and traffic, hydrology, geology and soils-coastal and wind erosions, biological resources (to include the Western Snowy p\Plover, Monterey Spineflower, Smith's Blue Butterfly & black legless lizards). Air quality – construction particulate emissions was also addressed in the report along with noise level impacts, utilities (water supply facilities), and that green house gas emissions do not exceed regional thresholds. Alternatives to these impacts would include design, location, and conforming use alternatives. He concluded that further details of the above impacts, and their related mitigation measures may be found in the Mitigation and Monitoring Reporting Program.

8:39 P.M. Floor opened for Public Comment.

Jody Hansen, Monterey Peninsula Chamber of Commerce President/CEO commented that the Chamber is very supportive of the proposed development. This is the time to approve this development and the Final Environmental Impact Report. The Coastal Commission serves to protect the coast, and simultaneously, this project is the reuse and development of a former industrial site. These facilities would improve the economy by bringing in visitors and providing jobs. It is time for Sand City to have a hotel/conference facility, and commended the Council for moving forward with this project.

8: 41 P.M. Floor closed to Public Comment.

City Administrator Steve Matarazzo added that Condition 54 of the coastal development permit does refer to the preference of using local labor for the construction of the project.

Mayor Pendergrass added that staff, consultants and the applicant have done an excellent job. The action proposed tonight would close the public hearing of the Final Environmental Impact Report and the Mitigation, Monitoring Reporting Program, and continue the Site Plan and Coastal

Development Permit approval to the December 17, 2013 Council Meeting.

Motion to close the Public Comments for the Final Environmental Impact Report for the Collections at Monterey Bay Project, the Public Hearing for the Mitigation, Monitoring Reporting Program, and to continue the Site Plan and Coastal Development Permit approval to the December 17, 2013 Council Meeting was made by Council Member Kruper, seconded by Council Member Blackwelder. AYES: Council Members Blackwelder, Carbone, Hubler Kruper Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

Vice Mayor Carbone added that she would like to recognize former Council Member Michael Morris (in the audience) who was also instrumental in the creation of the 1996 Memorandum of Understanding (MOU) with the Regional Parks District and State Parks.

*{Council Member Blackwelder stepped down from the dais due to a possible conflict of interest by residing within 500' of the proposed project}*

**C. Consideration of City Resolutions regarding the Richard Garza Mixed-Use Project:**

- 1) Certify the Initial Study as Complete and Correct and to Adopt a Mitigated Negative Declaration regarding the Richard Garza Mixed-Use Development Project on Property fronting Catalina Street, Elder Avenue, and Ortiz Avenue (APN: 011-231-001, 002, 016 & 017)**
- 2) Approve Site Plan Permit 13-02 and Conditional Use Permit 572 for the Development of a Mixed-Use Project on Vacant Property at the West End of the 400 Block of Elder and Ortiz Avenues fronting Catalina Street**
- 3) Granting the City Administrator authorization to Execute a Water Assignment Agreement and Assign 1.426 acre-feet of water from the Sand City Water Entitlement for Richard Garza's Mixed-Use Development Project on Property fronting Catalina Street to the West, Ortiz Avenue to the North and Elder Avenue to the South (APN: 011-231-001, 002, 016 and 017) in Sand City**
- 4) Approve a Mitigation Monitoring Program for the Richard Garza Mixed-Use Development Project on Property fronting Catalina Street, Elder Avenue, and Ortiz Avenue (APN 011-231-001, 002, 016 & 017)**

Associate Planner Charles Pooler presented the applications submitted by Richard Garza and Matt Nohr for authorization to develop an 18,600 square foot multi-unit mixed-use project on a 15,000 square foot property bounded by Catalina Street, Ortiz and Elder Avenues. The site, currently undeveloped and vacant, is within a non-coastal Planned Mixed-Use zoning district. The project proposes eight residential units and seven commercial units. The design provides seventeen on-site parking spaces in accordance with zoning regulations; however a parking assignment program is necessary to mitigate potential tenant parking conflicts. This assignment

program should be recorded with the Monterey County Recorder to ensure future property owners are aware of the assignments necessary to satisfy code requirements. The majority of the landscaping is along the property's perimeter, using drought tolerant species. The Design Review Committee is scheduled to hold a public hearing on November 22nd at 12:00 noon to consider the project's architectural elements, including materials, colors, pavement elements, and landscaping. Staff recommends that all lots and parcels in the project area be merged, either through lot line adjustments or a new parcel map; the preference to be at the City Engineer's discretion. The project will install a water catchment system in accordance with BMP/LID requirements. The Monterey Peninsula Water Management District determined the project will require an allocation of 1.425 acre-feet of water. A draft resolution to approve this water allocation is attached for Council's consideration. An environmental initial study was prepared, identifying the project will have a 'less than significant impact' provided that certain mitigation measures are implemented; which include a lighting plan and soils report be submitted, limitations on construction hours and equipment, and establish procedures for archeological discoveries (if any). Notice of the initial study and intention of the mitigated negative declaration were circulated through the AMBAG local clearinghouse. No comments had been received as of today. Overall, the project is a well-conceived design, incorporating the 'industrial chic' character discussed in the City's West End District's design guidelines. Staff recommends approval of the attached Resolutions to 1) adopt the mitigated negative declaration, 2) approve the conditional use permit and site plan permits, 3) approve the allocation of water, and 4) adopt the mitigation monitoring program.

In response to Council Member Kruper's question regarding the three electrical poles surrounding the parcel, Mr. Pooler commented that there is no requirement for the removal and undergrounding of the utilities on the site. The permit requires undergrounding of lateral lines up to property lines to accommodate the development. Mr. Pooler further explained how water runoff will be managed and the process of trash collection.

9:14 P.M. Floor opened for Public Comment.

The applicant Richard Garza thanked Mr. Pooler for the time and effort in putting together the staff report presented to the Council. He looks forward to the approval of the project. He is in agreement with the conditions of his permit.

9:15 P.M. Floor closed to Public Comment.

City Attorney Jim Heisinger commented that the Resolutions regarding the Richard Garza Project may be voted upon as one single motion.

Motion to Certify the Initial Study as Complete and Correct and to Adopt a Mitigated Negative Declaration regarding the Richard Garza Mixed-Use Development Project on Property fronting Catalina Street, Elder Avenue, and Ortiz Avenue (APN: 011-231-001, 002, 016 & 017) as amended, to



approve Site Plan Permit 13-02 and Conditional Use Permit 572 for the Development of a Mixed-Use Project on Vacant Property at the West End of the 400 Block of Elder and Ortiz Avenues fronting Catalina Street, to Grant the City Administrator authorization to Execute a Water Assignment Agreement and Assign 1.426 acre-feet of water from the Sand City Water Entitlement for Richard Garza's Mixed-Use Development Project on Property fronting Catalina Street to the West, Ortiz Avenue to the North and Elder Avenue to the South (APN: 011-231-001, 002, 016 and 017) in Sand City, to Approve a Mitigation Monitoring Program for the Richard Garza Mixed-Use Development Project on Property fronting Catalina Street, Elder Avenue, and Ortiz Avenue (APN 011-231-001, 002, 016 & 017) was made by Council Member Kruper, seconded by Council Member Carbone. AYES: Council Members Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: Council Member Blackwelder. Motion carried.

## **AGENDA ITEM 9, OLD BUSINESS**

### **A. Progress report on Public Works projects, South of Tioga Redevelopment project, Coastal projects, and other Sand City community programs by the City Engineer/Community Development Director/City Administrator**

City Engineer Leon Gomez reported that the new reverse osmosis membranes received approval from the Department of Public Health, and were installed by Cal-Am. It is presently undergoing water quality testing. Pending review and approval of the water quality sample, the desalination plant will commence water production. This should result in the production of at least 20 AF of water per month. The Stormwater Management Group held an Annual Construction Inspectors meeting in Monterey that proved very successful with 25 inspectors in attendance. New technology, via a tablet, was introduced that allowed inspectors to take photographs, conduct enforcements, perform site inspections, generate forms and tags, checklists, and upload the information directly to the County. The City of Monterey, who performs Sand City's building inspections, expressed interest in the new technology.

On behalf of the Successor Agency, City Administrator Steve Matarazzo reported that the Council should receive a property management plan in late January for properties the Successor Agency owns. At that time, the Council will need to determine the recommended disposition of those properties. It will then be presented to the Oversight Board in February for review and consideration. Following the Oversight Board's review, it will be forwarded to the State Department of Finance.

There was Council discussion regarding the Oversight Board's intervention in relation to the McDonald Site. The City Attorney confirmed that the property is subject to a contract, and the Oversight Board does not have the ability to interfere with that contract.

## **AGENDA ITEM 10, NEW BUSINESS**

**A. Update and Possible Action on DOF Preliminary Approval of ROPS 13-14B**

City Administrator Steve Matarazzo reported that the Oversight Board was pleased that the Settlement Agreement with the Local Educational Agencies was approved by the Department of Finance (DOF). The debt associated with these payments will be paid over time, and should be finalized by the end of next fiscal year. DOF disallowed some of the projected Bond payments; however, the Successor Agency has adequate reserve funds to meet those payments.

**B. Upcoming Meetings/Events**

There were no RSVP's from the City Council.

**AGENDA ITEM 11, CLOSED SESSION**

The Mayor commented that item A2 will not be considered tonight.

9:28 P.M.

**A. City Council/Agency Board to adjourn to Closed Session:**

**1) To confer with Legal Counsel regarding pending litigation in accordance with Section 54956.9(c) of the Ralph M. Brown Act,**

*a) Monterey Peninsula Water Management v. State Water Resources Control Board (No. M102101), and related cases*

*b) Cal-Am Application to CPUC No. 10-04-019 for Order Authorizing Recovery of Costs for Lease and Operation of the Sand City Desalination Facility*

*c) Carmel v. Monterey County (No. M125153), and related actions*

*d) Seaside v. Sand City (No. M120996) and related cross action*

**2) Public Employee Performance Evaluation, pursuant to Section 54957 of the Ralph M. Brown Act, position: City Administrator**

9: 47 P.M.

**B. Re-adjourn to Open Session to report any action taken at the conclusion of Closed Session in accordance with 54957.1 of the Ralph M. Brown Act**

The Council voted unanimously to approve the Settlement Agreement presented by the County and authorized the Mayor or the City Administrator to sign the Agreement on behalf of the City (Item 11A 1-c).

**AGENDA ITEM 12, ADJOURNMENT**

Motion to adjourn the City Council meeting was made by Council member

Blackwelder, seconded by Council Member Kruper to the next regularly scheduled Council meeting on Tuesday, December 17, 2013. There was unanimous consensus of the Council to adjourn the meeting at 9:48 p.m.



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Connie Horca, Deputy City Clerk