

MINUTES

JOINT SAND CITY COUNCIL AND REDEVELOPMENT AGENCY

Regular Meeting – May 19, 2009
7:00 P.M.
CITY COUNCIL CHAMBERS

Mayor Pendergrass opened the meeting at 7:01 p.m.

Invocation was led by Reverend Robert Hellam

The Pledge of Allegiance was led by Police Chief Michael Klein

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

Staff: Steve Matarazzo, City Administrator
Jim Heisinger, City Attorney
Richard Simonitch, City Engineer
Michael Klein, Police Chief
Charles Pooler, Associate Planner
Connie Horca, Deputy City Clerk

AGENDA ITEM 4, COMMUNICATIONS

Members of the public may address the City Council on matters not appearing on the City Council agenda at this time for up to three minutes. In order that the City Clerk may later identify the speaker in the minutes of the meeting, it is helpful if the speaker states their name. Public comments regarding items on the scheduled agenda will be heard at the time the item is being considered by the City Council.

The City Council Chambers podium is equipped with a portable microphone for anyone unable to come to the podium. If you need assistance, please advise the City Clerk as to which item you would like to comment on and the microphone will be brought to you.

A. Written communication distributed to the Council included upcoming meetings hosted by the League of California Cities regarding the Legislative Budget Proposal; the Monterey Bay Division Meeting in Watsonville; and a memo regarding closed businesses (agenda item 5A).

B. Oral

7:04 p.m. Floor opened for Public Comment.

There was no comment from the Public.

7:05 p.m. Floor Closed to Public Comment.

Mayor Pendergrass commented on the new art display in the City Council Chambers. Tracy Parker, a local artist, held a successful reception hosted by Sand City's Art Committee. The Art Committee welcomes local artists every few months to display their art work to the public.

AGENDA ITEM 5, CONSENT CALENDAR

- A. Conditional Use Permits (CUP) and Coastal Development Permits (CDP) 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 Council consensus to pull items A5, A9 & A10. These businesses are no longer operating in Sand City. There was no discussion of the following conditional use permits and coastal development permits, (1-4 and 6-8).

- (1) CUP #72, Sealife Supply, (wholesale), 740 Tioga Avenue
- (2) CUP 418, Jaroslave Stepanek (cabinet shop and storage), 341-A Orange Avenue
- (3) CUP 430, Susan Collins (live-work studio), 751 Dias Avenue
- (4) CUP 459, Verance Corp, (monitor Station), 495 Elder Avenue
- (5) CUP 475, Motoring Classics (Art Gallery), 480 Elder Avenue
- (6) CUP 476, Stepanek Construction (wood-shop), 414 Orange Avenue
- (7) CDP 93-05, Monterey Cabinet & Woodworking (wood-shop) 449 Redwood Avenue
- (8) CDP 96-03, Mark's Barn Auto Repair (auto body), 650 Ortiz Avenue
- (9) CDP 00-03, Jack Lee (ornamental metal shop), 531-B Orange Avenue
- (10) CDP 08-05, Melinda Collis (clothing boutique), 490 Orange Avenue

- B. There was no discussion of the April 21, 2009 Sand City Council Meeting Minutes.
- C. There was no discussion of the Public Works Monthly Activity Report, April 2009.
- D. There was no discussion of the Police Department Monthly Report, April 2009.
- E. There was no discussion of the Fort Ord Reuse Authority (FORA) Report, May 2009.
- F. There was no discussion of the City **Resolution** Finding a Severe Fiscal Hardship if the State of California raids Sand City Funds.

Motion to approve the consent calendar as amended was made by Council member Carbone, seconded by Council member Blackwelder. 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

AGENDA ITEM 7, PUBLIC HEARINGS

{Council member Blackwelder stepped down from the dais due to a possible conflict of interest by residing within 500 feet of the subject property}

- A. Associate Planner Charles Pooler presented the application for Conditional Use Permit 494 regarding a cabinetry showroom with sales activity at 433 Orange Avenue. Mr. Arthur Brost submitted an application for the proposed use of the site for the display and sale of kitchen and bathroom cabinetry. The location is a mixed used building with one commercial unit on the ground level and a single residential dwelling split between the second and third levels. There will be no manufacturing at this location. The site provides adequate parking for the proposed use with four (4) off street parking spaces for the commercial use, and two tandem spaces within the garages for the residential dwelling unit. The proposed showroom, office and storage is not anticipated to generate negative impacts. There is adequate water allocation to accommodate the site use. Staff recommends the approval of the resolution approving the conditional use permit.

7:10 p.m. Floor opened for Public Comment.

The applicant, Mr. Arthur Brost commented that Mr. Pooler adequately described his proposed use for a kitchen and bath showroom. With over 40 years in the cabinetry manufacturing and installation trade, the Sand City area is an ideal location for the proposed business. Sand City is also well known for its competitive business enterprise. The site will provide adequate space for three (3) displays. The products will be delivered to the building, and then contractors would insure that the materials are correctly ordered before delivery and installation to the clients home, and/or business.

Council member Hubler asked if a delivery truck will be permanently parked at the premises.

Mr. Brost replied that a truck is hired out, should an order be processed, and is not stored at this site.

7:15 p.m. Floor closed to Public Comment.

Motion to approve City **Resolution** approving Conditional Use Permit 494 allowing a cabinetry showroom with sales activity at 433 Orange Avenue for Arthur Brost was made by Council member Kruper, seconded by Council member Hubler. AYES: Council members, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: Council Member Blackwelder. Council member Carbone abstained from voting. Motion carried.

{Council member Blackwelder returned to the dais}

- B. City Attorney Jim Heisinger presented a 10 month and 15 day time extension for an

Urgency **Ordinance** in accordance with Government Code 65858(a) pertaining to land use within the C-4 (Regional Commercial) zoning districts. At the April 7, 2009 Council meeting, the Council passed an urgency ordinance prohibiting certain business uses within the regional commercial zoning districts until Staff conducts further research on this issue. This ordinance would be extended for another ten months and 15 days. This time extension will give Staff the additional time requested. The attached ordinance needs a 4/5th vote of the Council for approval.

7:17 p.m. Floor opened for Public Comment.

There was no comment from the Public.

7:17 p.m. Floor closed to Public Comment.

Motion to approve the Urgency **Ordinance** establishing interim zoning regulations within the C-4 (Regional Commercial) Zoning District was made by Council Member Carbone, seconded by Council member Hubler. Roll Call Vote. AYES: Council members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

C. City Administrator Steve Matarazzo presented Sand City's Housing Element Update, with emphasis on California State requirements and inclusion of new goals and policies. This item was continued from the May 5, 2009 council meeting. As discussed at the last Council meeting, new legislation, SB2, requires that all cities zone for homeless shelters or provide funding for homeless shelters via a multi-jurisdictional agreement with no more than 2 cities. Staff has contacted the City of Carmel-by-the-Sea, who expressed no interest in entering into an agreement at present. The City of Carmel will "zone" churches as homeless shelters; however a homeless shelter must provide housing for up to six (6) months or less, and for more than one or two nights. The 2007 Census identified 25 people as homeless within Sand City's jurisdiction due to the Salvation Army day facility located in Sand City. Given Sand City's population, legislation requires the City to provide 1-2 beds, which can be funded through City Housing Funds. The location of the Salvation Army facility is primarily zoned for future redevelopment, and it would be ideal to re-locate the current facility.

Mr. Matarazzo directed the Council to page 64, Program 4.4.1.B – Homeless: Support for Day Facility, and requested that the language be amended to include "Continue to support the provision of services at the day facility for homeless individuals as currently provided by the Salvation Army (or a similar organization) *at their existing or new location.*"

Staff will present a full administrative draft of the Housing Element to the City Council at the June 2, council meeting to discuss the requirements for 120 dwelling units. Staff recommends the public hearing for the Housing Element Update be continued to the June 2, 2009 City Council meeting.

7:25 p.m. Floor opened for Public Comment.

There was no comment from the public.

7:25 p.m. Floor closed to Public Comment.

Mayor Pendergrass commented that the Salvation Army Facility provides needed outreach to the community, and has been a benefit to Sand City.

Motion to continue the Housing Element Update to the June 2, 2009 Council meeting was made by Council Member Blackwelder, seconded by Council member Carbone. AYES: Council members Blackwelder, Carbone, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

AGENDA ITEM 8, OLD BUSINESS

- A. City Engineer Richard Simonitch reported that topographic maps were sent to DBO Development at their request regarding a California Avenue street alignment for their proposed project. Staff is hopeful to have project plans for the Council's review at a future Council meeting.

The reverse osmosis (RO) membranes have been delivered to the desalination plant and are on site awaiting installation. The wells have undergone initial testing. There was sediment found in the lines, so the crew will continue to flush the lines until the sediment has cleared. Safety barricades will need to be set up at Bay Street so that the crew may continue to run the pumps and drain out the temporary pipes. Once the pipes are clear of sediment, the RO membranes can be installed, and P.G. & E. can do the initial walk through of the desalination plant.

The Bay Street beach access construction is temporarily on hold until the wells and desalination plant are up and running. Staff is moving forward with bid documents for the Prop 1B Funds for the street improvement project in the West End.

Mayor Pendergrass questioned the appearance of sand in the wells. Mr. Simonitch responded that the sediment may have collected in the pipes while they were installed. Staff is conducting research to verify the source of where the sediment originated.

City Administrator Steve Matarazzo reported that the May 7th Coastal Commission meeting regarding the Monterey Bay Shores proposed project, was moved to a future meeting scheduled for some time in August or December. The continuation would give City Staff, the Project Developer and the Coastal Staff time to meet and to discuss the remaining issues on the project. Mr. Dave Potter's office has been contacted for a future meeting to discuss the draft staff report on the project. The City finds that the Coastal Staff continues to use visual impact standards, erosion impact standards and other standards not in Sand City's coastal plan. If revised setback standards were used, it would put the project at Highway One, eliminating any development on Sand City's Coast. Sand City's LCP setback standard is set for 50 years.

Chief of Police Michael Klein reported that the plans for the Annual Sand City Barbeque are moving forward. The invitations have been mailed out and the City

has contracted with Balesteri's catering for the food. The band, "Red Beans & Rice" will entertain us with their music on the day of the event.

AGENDA ITEM 9, NEW BUSINESS

- A. Jonathan Young, from Willdan Financial Service, presented the real estate market analysis regarding the fractional interest value of the Sand City desal water. The distribution of water in Sand City is regulated by the Monterey Peninsula Water District, granting the City a Water Entitlement, which allows the City to allocate up to 206 acre feet per year for new and expanded uses in Sand City. This allocation by the Water District allows Sand City to sell fractional interests in its Water Entitlement for the purpose of new development. Willdan conducted a study to assess the development feasibility based on a profoma analysis for four hypothetical development projects that are reasonably expected to occur in Sand City. These development projects would include: single family homes of 2,200 sq. feet, retail buildings of 20,000 sq. feet, mixed use developments - 3,300 sq. feet of ground floor retail with 6 apartment units above of 6,600 sq. feet, and live-work condominiums – six 2,000 sq. feet condominium units with working space for artists or professionals. The project development costs may include site preparation, building construction, parking, construction financing, property taxes, and contingency. The Willdan report includes the representative cost estimates based on published construction data sources and input from local experts; along with estimated current market values based on recent sales of similar properties in Sand City. Water demand was estimated using the formulas provided by the Monterey Peninsula Water Management District based on the land use types for each development project. The results, as indicated in Table 5, shows the residual land value per square foot for each of the development performas under current conditions and with the cost of the necessary water entitlement shown at \$5,000 to \$30,000 acre feet per year (AFY). Residual land values were estimated at various water entitlement cost levels. The total water entitlement cost was estimated on the projects water allocation. For a project with a Water Entitlement cost of \$10,000 per AFY, residual land values would drop by approximately \$.70 to \$2.00 per square foot, depending on the project type.

City Administrator Steve Matarazzo commented that a local appraiser estimated that land value without water entitlement is at least 50% lower compared to parcels where water entitlements are available. Under current market conditions, Willdan's analysis identifies the capacity for development projects to absorb additional costs and the maximum cost for water entitlement necessary to meet water demands of these projects. In the future, land prices will adjust to incorporate the additional cost of water entitlement, affecting the price developers and land owners negotiate for land. Sand City should make adjustments to the price it charges for fractional interest in its water entitlements as the City continues to monitor land values and development activity.

There was no Council action.

- B. Mayor Pendergrass requested that RSVP's be submitted to the Deputy City Clerk by the dates indicated on the handouts. The Deputy City Clerk brought to the

Council's attention the upcoming event for the NAACP's annual scholarship breakfast to be held on June 13, 2009.

AGENDA ITEM 10, CLOSED SESSION

8:10 p.m.

A. Agency Board to adjourn to Closed Session to confer with Legal Counsel:

- 1) Regarding existing litigation in accordance with Section 54956.9 of the Ralph M. Brown Act, The Center for Biological Diversity v. Dirk Kempthorne.et.al
- 2) In accordance with Section 54957.6(a) of the Ralph M. Brown Act, regarding labor negotiations, labor negotiator: City Administrator
- 3) To confer with real property negotiator in accordance with Section 54956.8 of the Ralph M. Brown Act, real property negotiator Steve Matarazzo, Executive Director, regarding Sand City Desalination Plant, 321 Shasta Avenue and California American Water

9:20 p.m

B. Agency Board readjourned 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

- 1) Received report from City Attorney
- 2) City Council gave direction to City Administrator
- 3) Received report from City Attorney

AGENDA ITEM 11, ADJOURNMENT

Motion to adjourn the City Council Meeting was made by Council Member Blackwelder, seconded by Council member Carbone to the next regularly scheduled Council meeting on June 2, 2009 7:00 p.m. There was unanimous consensus of the Council to adjourn the meeting at 9:21 p.m.



Connie Horca, Deputy City Clerk