

**MINUTES**  
**JOINT SAND CITY COUNCIL AND REDEVELOPMENT AGENCY**

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REGULAR MEETING -August 21, 2007  
CITY COUNCIL CHAMBERS  
7:00 P.M.

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

Invocation was led by Reverend Snyder

The Pledge of Allegiance was led by Chief Klein

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

Staff:          Kelly Morgan, City Administrator  
                 Jim Heisinger, Associate City Attorney  
                 Steve Matarazzo, Community Development Director  
                 Richard Simonitch, City Engineer  
                 Michael Klein, Police Chief  
                 Connie Horca, Deputy City Clerk

**AGENDA ITEM 4, COMMUNICATIONS**

Written communications distribute to the Council was additional information on Agenda Item 9D, Financial Consulting Agreement between The City of Sand City Redevelopment Agency and James Dudick, a letter dated August 20, 2007 from the Monterey Peninsula Water Management District, and an article from The Herald on the West End Event.

7:05 P.M.      Floor Opened for Public Comment

There was no comment from the Public

7:06 P.M.      Floor Closed to Public Comment

**AGENDA ITEM 5, CONSENT CALENDAR**

The Consent Agenda consists of routine items for which City Council approval can be taken with a

single motion and vote. A Council member may request that any item be placed on the Regular Agenda for separate consideration.

- 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 no discussion of the following use permits:

- (1) CUP #257, Precision Porsche (Auto Repair), 475-A Olympia Avenue
  - (2) CUP #345, James Obara (Mobile Home), 770 Tioga Avenue
  - (3) CUP #370, Economy Cleaners (Dry Cleaners), 840 Playa Avenue
  - (4) CUP #378, Carmel Glass Company (Glass Contractor), 613-B Ortiz Ave.
  - (5) CUP #388, Sanctuary Rock Gym (Recreation), 1855-A East Avenue
  - (6) CUP #396, McDonald's Restaurant (Fast Food), 990 Playa Avenue
- B. There was no discussion of the August 7, 2007 Sand City Council Meeting Minutes
- C. There was no discussion of the Police Department Report, July 2007
- D. There was no discussion of the Public Works Department Report, July 2007
- E. There was no discussion of the Fort Ord Reuse Authority, FORA Report, August 2007
- F. There was no discussion of City **RESOLUTION** to approve changes to the Planning Fee Schedule consistent with recent increases to Department of Fish & Game Fees Related to the Administration of the California Environmental Quality Act (CEQA)
- G. There was no discussion of the Annual Participation with the State of California Parks Department's Statewide Beach Cleanup Campaign on Saturday September 15, 2007
- H. There was no discussion of the City/Redevelopment Agency Quarterly Treasury Report for the period ending June 30, 2007

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

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

There were not any items pulled for discussion.

## **AGENDA ITEM 7, PRESENTATIONS**

Arts Committee Chair, Greg Hawthorne reported on the success of the 2007 West End Event. The weather was wonderful this year which contributed to the large public attendance. Many new ideas are being planned for the 2008 West End Event. It was suggested that a West End Event Committee (as the organizational structure) be formed to supervise the West End Event with a possible membership of two council members, three business owners and two artists, who are not directly involved with the Arts Committee. Mr. Hawthorne expressed his thanks to the City Staff, the Police Department, the City Council and the Sand City Arts Committee, for making this a very successful event.

Mayor Pendergrass commented that this year's event was one of the most successful yet. The contributions were greatly appreciated. It would be of benefit to the City to have an exploratory committee research the possibility of turning this event into a foundation type of function that can grant scholarships and obtain grants to offset the financing of the event. This item can be brought to Council at a future meeting.

Mayor David Pendergrass presented Certificates of Appreciation for West End Event participants, volunteers and monetary supporters. The recipients were: Greg Hawthorne, Susan Collins, Elizabeth Ramirez-Fagan, Patricia Kramer, Todd Kruper, Steve Vagnini, Andy Briant, Brian Gingerich, Caria Martins, Michael & Dierdre Bascou, Lee Stafford, Morgan Christopher, Michal & Gay Morris, Dan Cort, Al Saroyan, Norman Foster, Elena Steele, Don Orosco, Craig Hubler, and Susan Hawthorne.

## **AGENDA ITEM 8, OLD BUSINESS**

- A. Progress Report and Discussion on Sand City Water Supply Project Item 3. "Business Arrangements with Cal-Am" was taken out of sequence due to an oral report made by Cal-Am representative Tom Bunosky. Mr. Bunosky reported on the meeting with Sand City staff last week to discuss a fifteen year operating lease of the desalination facility, along with a renewal option at the end of that lease agreement. Cal-Am is looking forward to working with Sand City in making the desalination plant a reality.
- B. City Administrator Kelly Morgan summarized the proposed remaining cost estimate for the construction of the desalination plant facility, with an estimated amount of approximately \$5.4 million for the "Design-Build" for the desalination plant plus engineer's estimate of \$1.6 million for the wells and pipelines equals the remaining construction costs of \$7.0 million. The Cal-Am agreement would be designed to amortize the City's costs over time. At a

recent meeting with Sand City Staff, Cal-Am agreed to that type of cost recoupment with the stipulation that they may lease the plant site, and purchase the water. It was also discussed at the meeting the possibility of Cal-Am making an initial monetary contribution in the development of the water plant, and prorating their cost over the course of the fifteen year lease.

City Engineer Richard Simonitch reported on the design/build negotiations with Camp Dresser & McKee (CDM), the bid selected desal plant construction firm. The design build contract is moving along; a term of agreement is being formulated between Sand City's attorney and CDM's attorney. The Department of Health preliminary permit requirements should be finalized within the next week. The well drilling permit has been submitted to the Monterey County Environmental Health Department. The discharge of the brine and a general construction permit are awaiting approval with the Regional Water Quality Control Board. Approval from Cal-Am is still pending for the general design of the product water pipelines which will be connected to their pipes. An encroachment permit application to the City of Seaside will be submitted after the bid has been awarded. The offsite water plans are out to bid and several contractors have requested construction documents. This contract will be awarded a week after the bid meeting.

City Administrator Kelly Morgan pointed out that the water plant will be fully automated and there will not be much need for additional staff to run the plant. This will offset any additional cost to operate the plant.

Community Development Director, Steve Matarazzo reported that the issues raised in the application process with the Water District are minor. They inquired about the 94 acre feet of water currently used, and if it will be permanently reserved for reduced pumping from the Seaside and Carmel River Basins. After a discussion with the City Attorney, the way the plant is proposed to be connected to the Cal-Am system, is actually more beneficial than a stand alone plant. There really is no environmental issue that should delay this project. In a future ordinance, a clause will be added addressing Sand City's current use of the water. City Attorney Jim Heisinger added that this particular issue will have to be up front when the application is submitted to Cal-Am, which will be reviewed by the City Council.

Mayor Pendergrass thanked Tom Buonosky of Cal-Am for coming to the meeting to present a progress report.

- C. City Engineer, Richard Simonitch reported that the Redwood Avenue/Playa and Tioga Avenue repavement project is due to go to bid on Thursday, August 30, 2007. Several companies have expressed interest in this project, such as Granite Rock, Don Chapin, Granite Construction and Monterey Peninsula Engineering.

City Administrator Kelly Morgan reported that at the board meeting held by the Monterey Film Commission, the Friends of the Film Commission requested Sand City's participation as a host for an event on October 3, 2007. This event would

be a ribbon cutting/mixer with the Seaside/Sand City Chamber of Commerce participating. It would be held along Ortiz Avenue at the Design Center and Ol' Factory Café. It was suggested that several art studios along Ortiz be opened to the attendees, and a movie can be projected on the wall of one of the large buildings. An action item will be presented to the City Council at the next meeting.

Mayor Pendergrass commented that this event would provide positive public exposure for Sand City.

## **AGENDA ITEM 9, NEW BUSINESS**

- A. Chief Michael Klein presented the consideration of a City **RESOLUTION** for authorizing acceptance of a grant allocation from the Supplemental Law Enforcement Fund (SLESF), and Appropriations of those funds for Fiscal Year 2007-2008. Sand City has been receiving this grant for the past several years from the State of California through the Citizen's Option for Public Safety (COPS) program. Each City receives a minimum of \$100,000, and Sand City has opted to utilize these funds towards the salaries and benefits of two full time police officers. Each year, the City Council is required to pass a resolution to reaffirm the City's commitment to utilize this grant in an approved manner such as officer's salaries. Due to increasing cost; this grant can cover the cost of only one police officer at present. Staff recommends approval of this resolution so that these COPS program funds may be received, and that these funds be applied towards the one police officer position.

7:51 p.m. Floor Opened to Public Comment

There was no comment from the Public

7:52 p.m. Floor Closed to Public Comment

Motion to approve **City Resolution authorizing acceptance of an allocation from the Supplemental Law Enforcement Fund (SLESF) and Appropriations of those funds for Fiscal Year 2007-2008** was made by Council Member Blackwelder, seconded by Council Member Carbone. AYES: Council Members Blackwelder, Carbone, Hubler, Morris, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

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

- B. Community Development Director Steve Matarazzo presented the consideration of Redevelopment Agency **RESOLUTION** Authorizing a Tenth Amendment to the Exclusive Negotiating Agreement (ENA) with DBO Development, now doing

business as "The Orosco Group", for Redevelopment of the area known as "South of Tioga". The exclusive negotiation agreement with DBO for a proposed redevelopment project (approximately eleven acres of land between Merle Street and California Avenue) has been extended several times based on the changing real estate market and land assemblage activities. A home improvement center was proposed for this site, but the developer has now indicated that a large residential project is being considered for the South of Tioga area. This type of urban development could result in a significant urban design landmark for the Monterey Peninsula. Staff recommends the approval of the attached resolution approving a one-year extension of the ENA to September 17, 2008. Mr. Matarazzo introduced Chris Orosco, from DBO Development who will be reporting on the status of DBO's progress.

Chris Orosco, DBO Development, reported that Don Orosco's letter to Sand City focused primarily on the basic outline of DBO's negotiations with Mr. Ross. With the City's mediation assistance, Mr. Ross has agreed to sign an agreement, which is now in progress. DBO is making great strides with a few remaining contracts still pending; and is willing to pay the fair market value for unacquired properties within the redevelopment area. Nine and a half (9.5) of the eleven acres has been acquired, with the Davidson property subject to an impasse. DBO is requesting a twelve month extension with hopes to have contracts in the next few months. At present, the primary focus will be property acquisition with the possibility of submitting plans and permits for the development design within the twelve month extension.

City Administrator Kelly Morgan commented that the Orosco Group has made significant progress in acquiring most of this property.

Mr. Orosco added that the conceptual design for the building complex has not changed and requests the City Council to approve the extension of the exclusive negotiation agreement for another twelve months.

8:04 p.m. Floor Opened for Public Comment

There was no comment from the Public

8:05 p.m. Floor closed to Public Comment

Motion to approve **Redevelopment Agency Resolution authorizing a Tenth Amendment to the Exclusive Negotiating Agreement (ENA) with DBO Development, now doing business as "The Orosco Group" for Redevelopment of the area known as "South of Tioga"** was made by Agency Member Blackwelder, seconded by Agency Member Carbone. AYES: Agency Members Blackwelder, Carbone, Hubler, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: Agency Member Morris.

*{Council Member Morris returned to the dais}*

- C. Community Development Director, Steve Matarazzo presented the consideration of City **RESOLUTION** approving a contract with Zander Associates at a cost not to exceed \$11,890 to conduct Pre-Construction Biological Surveys related to the Sand City Water Supply Project (SCWSP). As part of the Mitigation and Monitoring Program (MMP) for the desalination project, pre-construction biological surveys were required by the U.S. Fish and Wildlife Service for construction activity within 500 feet. To avoid surveys and impacts to nesting plovers, all construction west of Highway One is proposed to occur during the plover non-nesting season, from October 1, 2007 through February 29, 2008. A proposed \$11,890 contract and scope of work from Zander Associates is attached for the Council's consideration. A clause in the contract states that the biological survey work will not be initiated unless and until all of the aforementioned pre-construction approvals occur. Mr. Matarazzo referred to page 92 under the terms of the contract which states "*Contract work to be performed in accordance with this agreement shall not commence unless and until the project has been "fully permitted" and has been deemed ready for construction as determined by the City Engineer*". Staff recommends that the attached resolution approving a service agreement with Zander Associates be approved.

Council Member Morris inquired that if this agreement remains in effect through December 2007, will a new resolution be presented to the Council should the permits still remain pending of approval?

Mr. Matarazzo responded that a new resolution and revised agreement would be brought to the Council for approval.

8:09 p.m. Floor Opened for Public Comment

There was no comment from the Public

8:10 p.m. Floor Closed to Public Comment

Motion to approve **City Resolution approving a contract with Zander Associates at a cost not to exceed \$11,890 to conduct Pre-Construction Biological Surveys related to the Sand City Water Supply Project (SCWSP)** was made by Council Member Carbone, seconded by Council Member Hubler. AYES: Council Members Blackwelder, Carbone, Hubler, Morris, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

- D. City Administrator Kelly Morgan presented a Redevelopment Agency **RESOLUTION** to authorize the commencement of proceedings in connection with the proposed issuance of bonds and retaining a Bond Counsel, a Disclosure Counsel and a Financial Advisor. As explained to the Board at the last meeting, the City/Redevelopment Agency Staff have been exploring the possibility of "refunding" the North of Playa Redevelopment Bonds. The current interest rates are lower than the interest rates in 1996 when the North of Playa Bonds were issued; so it should be possible to refinance the present bonds, and pull out at least \$1 million while maintaining the current annual payment

around \$336,000. Several issues have cropped up that need to be addressed so that this "refunding program" can be organized. These issues are the life of the Redevelopment Plan (which is less than 20 years from now), the time limit for incurring new RDA debt, effects on the pass through agreements, and the Tax exempt rating (whether Sand City qualifies if the City is involved in a business arrangement with Cal-Am). In dealing with the above issues, assistance from a bond counsel and financial advisor is advisable. Mr. James Dudick has served as Sand City's financial advisor for over 15 years and is well qualified. Staff recommends the approval of the resolution authorizing the commencement of proceedings in connection with the proposed issuance of bonds, and retaining a bond counsel, a disclosure counsel and a financial advisor.

Agency Member Morris asked what would happen if the interest rates prove to be unfavorable, and how will the bond counsel be paid?

Executive Director, Kelly Morgan commented that if the bonds are not sold, the bond counsel will not be compensated. The Bond Counsel and Financial Advisor are paid out of the bond proceeds. This resolution is to approve bringing on a bond counsel and financial advisor, who will then present a bond package for final consultation and action.

8:23 p.m. Floor Opened for Public Comment

There was no comment from the Public


8:24 p.m. Floor Closed to Public Comment

Motion to approve **Redevelopment Agency Resolution authorizing the commencement of proceedings in connection with the proposed issuance of bonds and retaining a Bond Counsel, a Disclosure Counsel and a Financial Advisor** was made by Agency Member Pendergrass, seconded by Agency Member Blackwelder. AYES: Agency Members Blackwelder, Carbone, Hubler, Morris, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

E. The Deputy City Clerk brought to the Council's attention the 21<sup>st</sup> Annual Business Excellence Award Dinner. Mayor Pendergrass commented that the League of California Cities conference is coming up on September 5, 2007.

## **AGENDA ITEM 10, ADJOURNMENT**

Motion to adjourn to the meeting was made by Council Member Blackwelder seconded by Council Member Hubler to the next regularly scheduled meeting on September 18, 2007. There was unanimous consensus of the City Council to adjourn at 8:29 p.m.

  
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Connie Horca, Deputy City Clerk