

**MINUTES**  
**JOINT SAND CITY COUNCIL AND REDEVELOPMENT AGENCY**  
**City Council Chambers**  
**Regular Meeting - March 4, 2003**  
**7:00 PM**

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Mayor Pendergrass opened the meeting at 7:00 p.m.

There was no invocation.

The Girl Scouts of Monterey Bay, Troop 2035, with Troop Leader Denise Cooper, led the Pledge of Allegiance and presented the flag ceremony.

Present: Councilmember Jerry Blackwelder  
Vice-Mayor Mary Ann Kline  
Councilmember Craig Hubler  
Councilmember Todd Kruper  
Mayor David Pendergrass

Staff: Kelly Morgan, City Administrator  
Steve Matarazzo, Community Development Director  
J.Michael Klein, Police Chief  
Jim Heisinger, City Attorney  
Stan Kulakow, City Engineer  
Debra Taylor, City Clerk

**AGENDA ITEM 4, PRESENTATION OF RESOLUTION TO GIRL SCOUTS:**

Mayor Pendergrass presented Troop 2035 Leader Denise Cooper of the Girl Scouts of Monterey Bay, with a Sand City Resolution proclaiming the week of March 9-15, 2003 as Girl Scout Week in the City of Sand City. The Girl Scouts presented cookies to the City Council.

**AGENDA ITEM 5, COMMUNICATIONS:**

- A. The additional written communication distributed to the City Council this evening was a response from the Bascous to items raised on the staff report on their Disposition and Development Agreement status (item 9-A).
- B. The floor was opened at 7:05 p.m. for oral communications. PETE ERICKSEN (Realtor): He is currently trying to lease some of the building space in the South of Tioga area, and potential tenants are requesting a two year lease to justify their move. He feels the proposed redevelopment project will not

transpire prior to 18 months. Potential tenants know they would have a 90-day notice to move if the project proceeded (related to agenda item 9-B).

Mayor Pendergrass shared a favorable Herald news article on artist Shell Fisher, who is a member of the Friends of the Arts Committee.

**AGENDA ITEM 6, CONSENT CALENDAR:**

The Consent Agenda consists of routine items for which City Council approval can be taken with a single motion and vote. A Councilmember 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.
  - (1) CUP #194, Mrs. Morrow (Mobile Home), 445 Orange Avenue
  - (2) CUP #195, Alfa Etc. Inc/Thomas Gunter (Auto Repair), 543 Elder Avenue
  - (3) CUP #295, David Wilson (Open Storage), Park & Fell Streets
  - (4) CUP #342, Chris Dinner (Sheetmetal Shop & Electrical Contracting) 720 Dias Avenue
  - (5) CUP #389, Loren Speck/Loren Speck Framing & Gilding Studio (Framing), 591 Ortiz Avenue
  - (6) CUP #390, Brad Klemek/GFI Pest Control (Office/Storage), 605 Redwood Avenue
  - (7) CUP #410, Sand City Public Works (mobile office trailer), Sylvan Park
  - (8) CUP #415, Jose Rosa (Radio Station), 495 Elder Avenue
  - (9) CDP #97-02, Sal Lucido & David Hernandez/D&S Painting (Contractor Warehouse and 2 Apartment Units), 460 Orange Avenue
- B. There was no discussion of the February 18, 2003 Minutes.
- C. There was no discussion of the December 31, 2002 Treasury Report.

- D. There was no discussion of the City **RESOLUTION in Support of the Monterey Bay Sanctuary Scenic Trail.**
- E. There was no discussion of the City **RESOLUTION Extending a Service Agreement for Civic Center Planning and Preliminary Design Studies with David Martin, AIA.** The original contract was made in August 2002 by Resolution SC 02-54, for an amount not to exceed \$10,000. An initial presentation of all proposed phases of the project was made at the December 17<sup>th</sup> City Council meeting. Existing billings have used up the existing contract budget and this expanded contract resolution will be for an amount not to exceed \$10,000 and expires December 16, 2003.

Motion to approve Consent Calendar was made by Councilmember Kline, seconded by Councilmember Kruper. AYES: All Councilmembers. NOES: None. ABSENT: None. ABSTAINED: None. Motion carried.

**AGENDA ITEM 7, CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR:**

No items.

**AGENDA ITEM 8, PUBLIC HEARING(S):**

- B. **SECOND READING: Ordinance Approving an Amendment to Contract Between the Board of Administration, California Public Employees' Retirement System (PERS) and the City of Sand City** was presented by City Administrator Morgan. This ordinance is the next step as required by PERS for the Sand City police officers PERS retirement benefits increase to 3% at age 55 formula. This PERS increase was the main request and negotiation issue by the Sand City Police Officers Association (SCPOA) as part of the current fiscal year budget. The first reading was held at the February 18<sup>th</sup> meeting.

7:08 P.M. Floor Opened to Public Comment

No comments.

7:08 P.M. Floor Closed to Public Comment

Motion to approve second reading of the Ordinance, by title only, was made by Councilmember Kruper, seconded by Councilmember Hubler. Roll call vote - AYES: Councilmembers Blackwelder, Kline, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

## AGENDA ITEM 9, OLD BUSINESS:

*[Due to a possible conflict of interest by residing within 500' of the project area, Agency member Blackwelder abstained.]*

- A. Executive Director Morgan presented an update on the Disposition and Development Agreement (DDA) with Michael & Deirdre Bascou for 433 Orange Avenue Property (Lots 16 & 18, Block 25, portion of APN 011-238-016) which included an update on the close of escrow, review of DDA terms, and possible amendments to the DDA. The response from the Bascou's was distributed this evening. Escrow was due to close last Friday, and the Executive Director would like to extend the closing deadline to expire on March 17, 2003. The following items must be addressed in order to satisfy conditions of the DDA: \$120,000 to be placed with escrow, contractor (Bob Winkleblack) needs to file a demolition plan and deposit 120% in escrow, prevailing wages are to be paid, sales and use tax will be allocated to the City. In their letter, the Bascous stated that they have complied with the above items and they have received a water inspection permit and the two lots have already been merged. The non-discriminatory provisions are to be provided by the Redevelopment Agency Attorney.

MICHAEL BASCOU: He is unsure when the demolition will take place and is recommending 90 days after close of escrow. The demolition proposal will take approximately one week for the survey to be completed to ensure there are no contaminants on the property.

Agency Attorney Heisinger said a deed is being prepared with deed restrictions as required by law. The Agency does not have an assurance that the project will be built and he is unsure of the financing source for the proposed building construction. In response, Mr. Bascou said the bank providing the loan for the property purchase has expressed an interest in financing the construction. Mr. Heisinger also reported that the escrow agent is out of town this week, so escrow may not close by March 10<sup>th</sup> and will require some more time beyond that date.

Motion to extend the closing date to March 17, 2003 was made by Agency member Hubler, seconded by Agency member Kruper. AYES: Agency members Kline, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: None. ABSTAINED: Agency member Blackwelder. Motion carried.

*[Agency member Blackwelder returned to the dais.]*

- B. Executive Director Morgan presented the Redevelopment Agency **RESOLUTION Authorizing Second Extension of the Exclusive Negotiating**

**Agreement With DBO Development for Redevelopment of the Area Known As "South of Tioga".** On October 21, 2001, the Redevelopment Agency entered into an Exclusive Negotiating Agreement (ENA) with DBO Development for a redevelopment project in the South of Tioga area. A first extension to the ENA was granted by Resolution RA 02-05 on March 19, 2002 which expires March 31, 2003. In order for the developer to continue his negotiations, it is necessary to provide a second extension to the ENA. Staff is recommending the term of this second extension to be from March 18, 2003 to July 15, 2003, or such time as the parties enter into a development agreement or Owner Participation Agreement (OPA). Mr. Morgan described the minor changes to this ENA extension. Mr. Morgan gave a description and history of past and present businesses and residential units in this project area. Mr. Ericksen's comments under Oral Communications relate to this agenda item.

DON OROSCO (Developer): He is in current negotiations with Lowes and Home Depot. This project site has proved to be very complex due to the cost of property assemblage and requirements of existing businesses/residents. Costs are approximately four times more expensive than in Salinas. Part of his proposed negotiations include a large penalty to be imposed at a certain point if the tenant withdraws from the project. He has acquired some properties to date and has an option agreement with the Monterey Fish Company. Until this advances further, he has not been approaching other property owners or asked to initiate the relocation contract with Linda Norwood. He expects a contract with Lowes or Home Depot in 30-40 days and then will be approaching the Redevelopment Agency for a Disposition and Development Agreement (DDA). Bond financing may be required in the future. In response to Mr. Ericksen's comments, Mr. Orosco indicated that a two year lease would be too long. He recommended a one year lease with possible renewals requiring a minimum 90-day notice to vacate plus the lease would contain language that any of these interim-use businesses are not part of the relocation plan. Mr. Morgan said it would be good to allow an economic benefit with interim leases, but does not want businesses that will be a problem.

Motion to approve Resolution, by title only, was made by Agency member Blackwelder, seconded by Agency member Hubler. AYES: All members. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

- C. Progress report on Public Works projects, City water project, Project Study Report (PSR), redevelopment projects, and other Sand City community programs by City Engineer/Community Development Director/City Administrator. City Engineer Kulakow reported he received a contract from PG&E to remove and underground the utility box on California Avenue near the Police

Department. The City of Seaside has agendized contracting with a company to do the work on the outfall pipe and he estimates Sand City's share to be 10% of the costs. Community Development Director Matarazzo reported that the Housing and Community Development (HCD) comments on the Housing Element have been received and responses provided. City staff is requesting an expedited review for final certification and to present to the City Council in April. City Administrator Morgan said a payment of \$249,900 is scheduled from King Ventures on March 20, 2003.

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

- A. "West End" Design Workshop: RRM Design Group (Keith Gurnee) and his associated Planning staff (Diedre Calloway and Damae Tillotson) presented a Council workshop requesting input on streetscape and parking designs for the district in Sand City that is generally located south of Tioga and southeast of California Avenue. Community Development Director Matarazzo remarked that nearly all of the projects that were allotted water by the Redevelopment Agency are being developed and they are mixed-use. Tonight is the first of two workshops that review preliminary urban design discussion items and for the public and City Council to make any suggestions or express concerns of issues in the West End area of the City. Some issues may require regulatory solutions, such as the use of dumpsters to be prohibited in the streets and front yard areas following trash pickup.

KEITH GURNEE (Planning Consultant): Staff has met with the key stakeholders in the West End area in October 2002 for initial discussions. Some of the main items raised at that time included parking (including over-the-curb parking), street trees, an emphasis on the art community, improvements to building facades, to provide a parking structure, provide a public/urban gathering place, undergrounding utilities, a greenbelt along the railroad right-of-way, limit mini-storage, pedestrian-friendly improvements, a coffee house/ café/restaurant for the area, and better property maintenance. Mr. Gurnee made a formal presentation addressing some of these issues.

GREG HAWTHORNE (Property Owner): The City needs parking now! Near his live/work building, the employees for neighboring businesses take up all of the street parking. Can the City have designated residential parking if employees are not able to park on their own sites? He feels the City should aspire to be something special when considering changes to the West End. This is a great opportunity for the City to redefine itself.

PETE ERICKSEN (Realtor): Parking is the biggest problem in Sand City and it does need a solution. There was some discussion of a proposed 64' street



width configuration that would include "nose-in" parking. This would require the use of public property and an easement. Mr. Ericksen does not feel that this is a good solution for heavily traveled streets. Diagonal parking would leave 20' in front of buildings and would not require easements. This proposal would not work with businesses that use roll up doors.

JERRY LOMAX (Resident): Some of the suggested parking solutions are better than what we have now, but there is a big problem with traffic having to back into a street or towards pedestrians.

Mr. Matarazzo said there are three streets that terminate at the freeway and these are areas that could provide a parking solution with less risk. Mayor Pendergrass said that the City is currently doing the parking study to help address these problems. Mr. Matarazzo replied that this workshop is part of the parking study. There was considerable discussion of other parking solutions knowing that some will have to be dealt with on a case-by-case basis. Any permit parking would require enforcement and personnel. City Engineer Kulakow said that some time in the future the City will have to charge for parking - it is a part of the cost of doing business. The City could also have 2-hour limits on street parking.

Councilmember Hubler asked for some cost estimates to incorporate facades to enhance existing buildings. The City could stand some better colors on buildings. Regarding the railroad right-of-way, Mayor Pendergrass said that the City is working within the region with other local agencies. The City has a good track record and has been innovative by initiating mixed-uses, by the installation of state-of-the-art drainage systems to abate pollution into the Marine Sanctuary. He would eventually like to have shuttle stations within the City to reduce trips, keep people and potential spending within the City, and to reduce traffic and air emissions. The City has a good history of reinvesting funds back into the community.

Taking these comments into account, there will be another workshop at a future Council meeting prior to drafting the final plans.

9:16 PM      Recess  
9:30 PM      Reconvene

**AGENDA ITEM 11, CLOSED SESSION:**

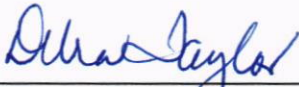
- A. The City Council adjourned to Closed Session to confer with legal counsel regarding pending litigation pursuant to §54956.9(a) of the Ralph M. Brown Act (3 cases) - (1) *Amicus Brief SNG v. California Coastal Commission*, (2)

*Coos Bay v. U.S. Fish & Wildlife, (3) Seaside et al v. Monterey Peninsula Water Management District*

- B. To confer with legal counsel regarding anticipated litigation pursuant to §54956.9(b) of the Ralph M. Brown Act (1 case)
- C. Readjourn 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:
  - (A-1) *SNG v. California Coastal Commission*: no action, progress report only
  - (A-2) *Coos Bay v. U.S. Fish & Wildlife et al*: Council gave direction to staff and legal counsel
  - (A-3) *Seaside et al v. Monterey Peninsula Water Management District*. No action.
  - (B) *Water issues - anticipated litigation*. No action.

**AGENDA ITEM 12, ADJOURNMENT**

- A. Motion to adjourn was made by Councilmember Kruper, seconded by Councilmember , to the next regularly scheduled City Council meeting on March 18, 2003, 7:00 p.m. There was unanimous consensus of the Council to adjourn at 9:38 p.m.



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Debra Taylor, City Clerk