

MINUTES
JOINT SAND CITY COUNCIL AND REDEVELOPMENT AGENCY
City Council Chambers
Regular Meeting - May 15, 2001
7:00 PM

Mayor Pendergrass opened the meeting at 7:02 p.m.

There was no invocation.

Police Chief Klein led the Pledge of Allegiance.

Present: Vice-Mayor Kline
Councilmember Hubler
Councilmember Kruper
Mayor Pendergrass

Absent: Councilmember Blackwelder

Staff: Kelly Morgan, City Administrator
Steve Matarazzo, Community Development Director
Jim Heisinger, City Attorney
Stan Kulakow, City Engineer
Debra Taylor, City Clerk
Charles Pooler, Associate Planner

AGENDA ITEM 4, COMMUNICATIONS:

- A. Written communications distributed to City Council this evening included new regulations of the Fair Political Practices Commission regarding conflict of interest in real property (item 4-A); a report from Max Neiman, Professor of Political Science UC Riverside, on local economic development (item 7-A); letter from City of Monterey Public Works Department outlining estimated annual costs for street sweeping (item 5-E); and modifications to staff report and design standards on Hawthorne project (item 8-C).
- B. There were no oral communications.

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 Councilmember may request that any item be placed on the Regular Agenda for separate consideration.

- A. There was no discussion of the April 17th and May 1st Minutes.

- B. There was no discussion of the monthly Police Department Activity Report, April.
- C. There was no discussion of the City/Redevelopment Agency Financial Reports, March.
- D. The April 12th Arts Committee Minutes were pulled from the agenda.
- E. Receipt and Approval of City **RESOLUTION Authorizing a Service Agreement Renewal with the City of Monterey for Street Sweeping.** Due to an increase in labor costs, there is a 4% increase in the hourly rates for this contract renewal for Fiscal Year 2001-2002.
- F. Receipt and Approval of City **RESOLUTION Rescinding Resolution SC 01-27 and Authorizing and Designating the Monterey Regional Waste Management District to File a Grant Application and to Receive and Expend SB332 Funds on Behalf of the City of Sand City.** There was a minor change made to the resolution authorizing the General Manager of MRWMD to implement the program.

Motion to approve Consent Calendar items A,B,C,E,F was made by Councilmember Kline, seconded by Councilmember Hubler. AYES: Councilmembers Kline, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: Councilmember Blackwelder. Motion carried.

AGENDA ITEM 6, CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR:

No items.

AGENDA ITEM 7, PRESENTATION:

- A. Presentation by and discussion with Kinsell, NewComb & De Dios, Inc., investment bankers, on advantages of municipal utility district formation, financing possibilities for Sand City utilities and infrastructure, sales tax strategies, and other municipal finance issues.

JEFF KINSELL (Investment Banker): Many cities that have newly formed utilities program (water, gas, communications - not electricity) have done very well financially. It requires only a Council resolution to set up the particular utility, not an ordinance or vote of the people,. New or redeveloped infrastructure should be retained, not deeded to existing utility companies as it causes a tax liability to the developer. Existing utility companies can be hired by a city to maintain and operate the city-owned utility that is in the public right-of-way, for a reasonable fee. Other advantages of a municipal utility program include first right of refusal before

rights are sold to an investor-owned utility; city cannot be denied access to any utility lines; creates a revenue stream; and is not under the Public Utilities Commission purview. The necessary capital improvements or loans required should not come from the general fund, but from the utility (enterprise) funds. Ten to twelve California cities have adopted their resolution with a broad basis to create these utilities. The Sand City desal project could purchase power on a long-term contract basis.

GREG HAWTHORNE (property owner): What is the advantage of buying lines?

Mr. Kinsell replied the City could save up to 40% in costs. City Administrator Morgan cited the two shopping centers as examples where the developer paid for all utilities and the City had to dedicate these lines to the utility companies.

AGENDA ITEM 8, PUBLIC HEARING(S):

[Due to owning a business within 500' of this project area, Councilmember Hubler has a possible conflict of interest and was recused from participating in this agenda item. Councilmember Hubler left the dais and joined the audience.]

- A. Negative Declaration and Initial Study for the purchase of vacant land by Sand City (APN 011-194-001 and portion of APN 011-191-001) and **RESOLUTION Approving the Negative Declaration Prepared for the Purchase of Vacant Land by the Sand City Redevelopment Agency at the Corner of Dias Avenue and Hickory Street** was presented by Associate Planner Pooler. The Redevelopment Agency has made an offer to purchase a vacant parcel in Sand City to land bank the property for possible future expansion of the civic center or to assist in the relocation needs of future redevelopment projects.

7:31 PM Floor Open for Public Comment

No comments.

7:32 PM Floor Closed to Public Comment

Motion to approve Resolution, by title only, was made by Councilmember Kline, seconded by Councilmember Kruper. AYES: Councilmembers Kline, Kruper, Pendergrass. NOES: None. ABSENT: Councilmember Blackwelder. ABSTAIN: Councilmember Hubler. Motion carried.

[Councilmember Hubler returned to the dais.]

7:33 PM Recess

7:47 PM Reconvene

[Due to living and/or leasing property within 500' of the project area, Councilmembers Blackwelder, Hubler, and Kruper have a possible conflict of interest. Councilmember Blackwelder is absent this evening. Councilmembers Hubler and Kruper drew straws to determine who would be recused. As a result, Councilmember Kruper was recused. Because items 8-B&C are related, the same Councilmember will abstain from participating in either item.]

- B. Associate Planner Pooler presented the Site Plan Permit application by Greg Hawthorne & Jerry Lomax regarding the development of a mixed-use project located at 424, 436, and 448 Ortiz Avenue (APN 011-231-003, 004 & 014). The project involves the construction of four new residential units above two commercial units. The project qualifies as a categorical exemption under state CEQA Guidelines, Section 15303(b) & (c). The new mixed-use development proposes two buildings, each with three floor levels, separated by an interior on-site parking area. Each building will provide two residential units on the upper levels and a single commercial/light manufacturing unit on the ground level. Amendments have been made to the Site Plan Permit to accommodate parking requirements (8 residential, 6 business + 1 handicapped space) where the roll-up doors on each side of the building will be further recessed to create two compact parking spaces.

7:59 PM Floor Open for Public Comment

GREG HAWTHORNE (Property owner): He has agreed to the recommended changes by the Design Review Committee.

ROY HUBBARD (Property owner): Will the new General Plan address existing mixed-uses or will this process have to be followed each time?

Community Development Director Matarazzo confirmed that the new General Plan and rezoning will address mixed-uses. Most of Old Town will be proposed for mixed-use development and redevelopment.

8:05 PM Floor Closed to Public Comment

In response to a question by Councilmember Kline, staff replied that the residential trash and recycle containers will be located at the back of the building, whereas businesses will have to locate receptacles indoors as a condition of the permit. City Engineer requested that Condition #15 include drainage requirements, and undergrounding utilities. Mr. Matarazzo said that the curb cuts are well organized allowing for access as well as maximizing on-street parking opportunities.

Motion to approve Site Plan Permit, as amended, was made by Mayor Pendergrass, seconded by Councilmember Kline. AYES: Councilmembers Kline, Hubler, Pendergrass. ABSENT: Councilmember Blackwelder. ABSTAIN: Councilmember Kruper. Motion carried.

- C. **FIRST READING: Ordinance Amending Title 18 of the Municipal Code to Reclassify Certain Property from Heavy Commercial (C-2) to Medium Density Residential (R-2) Planned Unit Development** was presented by Associate Planner Pooler in conjunction with agenda item 8-B. The project qualifies as a categorical exemption under state CEQA Guidelines, Section 15303(b) & (c). Any future changes to this PUD will require a public hearing by the City Council. Exhibit A lists recommendations for business uses compatible with residential uses; and was amended to adjust parking and building height requirements. The findings of the ordinance were amended to address General Plan consistency.

8:20 PM Floor Open for Public Comment

GREG HAWTHORNE (Property owner): He is not too concerned about noise issues at his property because his architect and builder will be living in the upstairs residential units. He wants to keep artisans at the business which may involve some noise, so sensible hours could be used to address noise concerns.

8:22 PM Floor Closed for Public Comment

Motion to approve first reading of Ordinance by title only, as amended, was made by Mayor Pendergrass, seconded by Councilmember Kline. Roll call vote - AYES: Councilmembers Kline, Hubler, Pendergrass. ABSENT: Councilmember Blackwelder. ABSTAIN: Councilmember Kruper. Motion carried.

[Councilmember Kruper returned to the dais.]

AGENDA ITEM 9, OLD BUSINESS:

- A. City Engineer Kulakow presented the Bikeway Master Plan which was distributed this evening. The City of Seaside has agreed to participate in expenses for lighting along a portion of Sand Dunes Drive. He went on to discuss existing, proposed bike lanes, and routes/trails (Class 1 and Class 2). There is a 10% matching funds required for the latest grant which could be covered by TDA funds and Seaside's contribution. Mr. Kulakow will go to TAMC after the City Council formally adopts the plan (schedule for the June 5th meeting), and then to Sacramento for final acceptance. Staff will include graphically improved colored maps.

Motion to approve Bikeway Master Plan, in concept, was made by Councilmember Kline, seconded by Councilmember Hubler. AYES: Councilmembers Kline, Hubler, Kruper, Pendergrass. NOES: None. ABSENT: Councilmember Blackwelder. Motion carried.

- B. City Administrator Morgan presented an update on Sand City pending development projects and May 2001 Coastal Commission meeting in Monterey. The Commission did not address Sand City's Local Coastal Plan (LCP). The Commission did discuss Vandenberg Air Force Base and their snowy plover/habitat (approximately 36 miles of coastal frontage), consistency determination, public access, and "predator management plan" (coyotes).

Community Development Director Matarazzo reported that the Commission has reviewed only two LCPs (Sand City and Trinidad) and are working on San Luis Obispo's. Monterey County requested attention because they are currently working on their General Plan. City Administrator Morgan mentioned the Sand City lawsuit over their LCP review. City Attorney Heisinger briefly discussed AB645.

- C. Progress report on Public Works projects, City water project, Project Study Report, and other Sand City community programs by City Engineer/Community Development Director/City Administrator. Mr. Matarazzo is meeting with Coastal Commission staff and Wellington Homes on Friday to discuss habitat issues and the proposed East Dunes project.

Mr. Kulakow said that Superior Lighting will start work on the bicycle trail in a week or two. He researched lower voltage alternatives and it works out more expensive because it requires more bollards for the same light coverage.

- D. Police Chief Klein gave an update on planning details for the annual birthday celebration for Saturday, May 19th.

AGENDA ITEM 10, NEW BUSINESS:

- A. Community Development Director Matarazzo presented the City **RESOLUTION Adopting a Revised Policy on Future Water Allocations to be Reserved by the Redevelopment Agency and Granted to Projects Based on the Achievement of Redevelopment Goals, Subject to the Agency's Review and Approval**. This resolution will allow the remaining one acre foot of City water to be transferred to the Redevelopment Agency who would have discretionary allocation authority.

Motion to approve Resolution by title only, as amended, was made by Councilmember Hubler, seconded by Councilmember Kline. AYES: Council-

members Kline, Huber, Kruper, Pendergrass. NOES: None. ABSENT: Councilmember Blackwelder. Motion carried.

- B. City Administrator Morgan presented the City **RESOLUTION Adopting Amendment #1 to the Combined City and Redevelopment Agency Budget for Fiscal Year 2000-2001**. There are not any major changes or surprises that require serious revisions in the present budget; however, there are certain adjustments and updates being recommended that staff feels should be adopted prior to the end of the fiscal year. In several cases, it has been necessary to defer or prolong certain programs or projects because of delays or schedule changes. Most of these programs will start or continue in a later budget cycle. Comparison of the amended revenues to expenditures shows a surplus of \$466,700 for an annual budget with \$6.1 million in revenues and \$5.7 million in expenditures. The City Administrator noted that this budget windfall was due to his sound fiscal management and that he deserves lots of credit.

Motion to approve Resolution, by title only, was made by Councilmember Kline, seconded by Councilmember Hubler. AYES: Councilmembers Kline, Huber, Kruper, Pendergrass. NOES: None. ABSENT: Councilmember Blackwelder. Motion carried.

- C. Executive Director Morgan presented the Redevelopment Agency **RESOLUTION Adopting Amendment #1 to the Combined City and Redevelopment Agency Budget for Fiscal Year 2000-2001**. The original fiscal year Budget had authorized a \$700,000 loan from the City to the Redevelopment Agency to cover operating expenses. In the Amended Budget, the loan for operating expenses is being reduced to \$670,000. This does not include the Seaside payments under the revenue sharing agreement. Staff is programming \$420,000 for the Seaside payments in a separate line item to better track these expenditures.

Motion to approve Resolution, by title only, was made by Agency member Hubler, seconded by Agency member Kruper. AYES: Agency members Kline, Huber, Kruper, Pendergrass. NOES: None. ABSENT: Agency member Blackwelder. Motion carried.

9:17 PM Recess
9:25 PM Reconvene

AGENDA ITEM 11, CLOSED SESSION:

- A. The City Council/Redevelopment Agency adjourned to Closed Session to confer with real property negotiator (City/Agency Attorney and City/Agency Administrator), in accordance with the §54956.8 of the Ralph M. Brown Act

- (1) To discuss possible purchase of property to enlarge civic center or use for redevelopment purposes, APN 011-187-004, 011-194-001, and 011-191-001 (portion of)
 - (2) To review proposed Disposition & Development Agreement (DDA) terms to King Ventures for McDonald coastal property (APN 011-012-001 & 002)
- B. Readjourned to Open Session to report any action taken at the conclusion of Closed Session in accordance with §54957.1(a)(1)(B) of the Ralph M. Brown Act:
- (1) Authorized real property negotiator to close escrow according to sales contract/offer to purchase.
 - (2) No action was taken on the DDA terms.

AGENDA ITEM 12, ADJOURNMENT:

- A. Motion to adjourn was made by Councilmember Hubler, seconded by Councilmember Kruper, to the next regularly scheduled City Council meeting on June 5, 2001, 7:00 p.m. There was unanimous Council consensus to adjourn at 9:45 p.m.



Debra Taylor, City Clerk