

MINUTES
JOINT SAND CITY COUNCIL AND REDEVELOPMENT AGENCY
City Council Chambers
Regular Meeting - June 19, 2001
7:00 PM

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

Pastor Steve Snyder led the invocation.

Police Chief Klein led the Pledge of Allegiance.

Present: Councilmember Blackwelder
Vice-Mayor Kline
Councilmember Hubler (arrived 7:06 p.m.)
Councilmember Kruper
Mayor Pendergrass

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

AGENDA ITEM 4, COMMUNICATIONS:

- A. Written communications distributed to City Council this evening included Change Orders 1 & 2 for Superior Electric on the bicycle trail lighting project plus a quote for time clocks (item 5-J); staff report from Agency Attorney on the DDA, June 18th letter of acceptance from King Ventures, and email from Agency Attorney adding item 7.12 to the DDA (item 7-B); June 12th CalTrans letter on the PSR, plus June 18th cover letter and Scope of Services from Richard Tanaka of Mark Thomas & Company (item 8-A); Combined City/Agency Budget and City resolution (item 9-A); Combined City/Agency Budget and Agency resolution (item 9-B); Gann Limit and resolution (item 9-C); confidential memo on discussions with Roy Woods, and corresponding map (item 10-A-2); letter from SNG Development (item 10-A-3).
- B. The floor was opened for oral communications at 7:05 p.m.:
RON CHESSHIRE (Water District Board Member): He has been on the Water Board for 4 years and announced he will be seeking re-election this year.

7:07 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 Councilmember may request that any item be placed on the Regular Agenda for separate consideration.

- A. There was no discussion of June 5, 2001 Minutes.
- B. There was no discussion of the monthly Police Department Activity report, May.
- C. There was no discussion of the monthly Fort Ord Reuse Authority (FORA) report, June.
- D. There was no discussion of the City **RESOLUTION Honoring the 50th Anniversary of Monterey Regional Waste Management District.**
- E. There was no discussion of the City participation in the Regional Storm Water Program and authorization to include in FY 2001-2002 Budget. The City Engineer is responsible for monitoring this program.
- F. There was no discussion of the Community Human Services mid-year summary of services for Fiscal Year 2000-2001.
- G. There was no discussion of the renewal of contract service agreements:
 - (1) City **RESOLUTION Authorizing Amendment of a Working Agreement with Hope Rehabilitation Services (formerly Gateway) for General Cleanup of Sand City** for an amount not to exceed \$74,000.
 - (2) City **RESOLUTION Authorizing Renewal of a Temporary Animal Shelter Services Agreement with the County of Monterey Health Department** to expire June 30, 2003.
 - (3) City **RESOLUTION Authorizing Renewal of the Agreement for Vehicle Maintenance and Fuel Services with the City of Monterey** for a 12-month extension at the current in-house labor rate of \$55 per hour.
 - (4) City **RESOLUTION Authorizing Renewal of the Building Inspection Services Agreement with the City of Monterey** to expire June 30, 2004. The rate was adjusted to \$55 per hour for inspections, plans examiner and administrator.
- H. There was no discussion of the City **RESOLUTION Authorizing Renewal of a Service Agreement with Pacific Municipal Consultants for Planning Services** for a cost not to exceed \$40,000 for this 12-month extension.

- I. There was no discussion of the City **RESOLUTION Approving the Applicant to Apply for Grant Funds for the Per Capita Grant Program Under the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000**. The main grant is \$31,000, plus the Robert-Z'Berg-Harris block grant allocation of \$582. The City Engineer is responsible for monitoring this grant.
- J. There was no discussion of the City **RESOLUTION Authorizing the Acceptance of Contract Change Orders No. 1 & 2 to Superior Electric & Electronics Company for the Seaside/Sand City Bicycle Trail Lighting Contract from Playa Avenue to Fremont/Highway 1 Along Sand Dunes Drive**. Change Order No. 1 is in the amount of \$20,460 for 124 light poles/conduit. Change Order No. 2 is in the amount of \$5,650 to provide an astronomical time clock and related items. These items will be included in the FY 2001-2002 Budget.

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

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

No items

AGENDA ITEM 7, PUBLIC HEARING(S):

- A. **SECOND READING: Ordinance Amending Title 18 of the Municipal Code to Reclassify Certain Property From Manufacturing (M) to Medium Density Residential (R-2) Planned Unit Development (APN 011-193-013)** (Abbott project) was presented by Community Development Director Matarazzo. The project qualifies as a categorical exemption under state CEQA Guidelines, Section 15305.

7:09 P.M. Floor Opened for Public Comment

Mr. Abbott was present, but declined comment. There was no other comment by the public.

7:09 P.M. Floor Closed to Public Comment

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

- B. Sand City Redevelopment Agency consideration of entering into a Disposition & Development Agreement (DDA) with King Ventures for the purpose of selling and ultimately developing the McDonald coastal site (APN 011-012-001 & 002) into a coastal resort, consistent with the certified Local Coastal Plan and 1996 Memorandum of Understanding was presented by Agency Attorney Heisinger. Please see "Written Communications" for this evening's handouts. Executive Director Morgan read the letter from King Ventures accepting the terms of the draft DDA. Mr. Heisinger gave a history of the project area and past developers. The Exclusive Negotiating Agreement (ENA) gave King Ventures the opportunity to enter into a DDA and automatically expires upon signing of the DDA. This DDA will cause the sale of the McDonald property to John King for \$2.2 million, an amount equal to an appraisal conducted by PKF. Escrow opens now and will not close for 12 months or until the last permit is received by John King. King pays all Certificate of Participation (COP) payments. He will receive a credit on the purchase price equal to the amount of principal payments. Complete applications must be submitted by no later than October 2001. After this time, a project is expected to come before the Redevelopment Agency/City Council by Fall 2002. The Agency will share with King the "soft costs" in processing the project. Planning-processing costs by City staff will be paid by the Redevelopment Agency (up to a maximum of \$150,000). King will reimburse the Agency for its outlaid costs upon the issuance of building permits. The Agency has stipulated deed restrictions on title that would restrict King from "flipping" (selling) the property to a public agency. King has termination rights, but could not exercise this right until the City approves the combined development permit. If this occurs, the COP principal is refundable to King by the Agency. The Agency has a right to terminate the agreement at any time if King 1) fails to make timely COP payments; 2) does not submit applications by October 2001; or for reasons listed in section 9.1 of the DDA. The principal is still refundable. December 31, 2007 is the "ultimate termination" date and would be at fair market value for the property. The project could also go through the Coastal Commission (on appeal) which could take 1-2 years time to approve, following City approval.

Mr. Heisinger noted that section 7.11 of the DDA addresses "Prevailing Wages for Construction" and 7.13 "Hotel Operator" addresses union concerns and asserts a union neutrality agreement. The Agency does not want strikes to interfere with the project's operations and this offers protection from strikes occurring at a 4-star hotel. Section 7.12 "Sales & Use Tax" has been added, thereby changing the following two section numbers. Staff has yet to reach agreement from John King to the addition of this section to the DDA.

Mr. Matarazzo said he is encouraged by the DDA, and the developer will use a consensus-building process to make this project happen.

7:41 P.M. Floor Open for Public Comment

MARK WELLER (H.E.R.E. 483 Union Representative): He is here tonight with other union members (which he introduced) because they know the impact this effort will make on the entire community. Sand City is small, but leading the way for quality jobs with reasonable wages which will allow workers to remain in this area. He thanked the Redevelopment Agency, Morgan and Heisinger for their fine support of the community and they look forward to working with the Agency and staff.

RON CHESSHIRE (Local Carpenters Union): They stand fully in support of this action before the Agency this evening. Sand City is taking a giant step for working people on the Monterey Peninsula. Good to see that Sand City is aware of their assistance to local workers.

7:47 P.M. Floor Closed to Public Comment

Motion to authorize acceptance of the DDA, including the addition of section 7.12 and pending approval by John King, was made by Chairman Pendergrass, seconded by Agency member Hubler. AYES: All Agency members. NOES: None. Motion carried.

AGENDA ITEM 8, OLD BUSINESS:

- A. Community Development Director Matarazzo presented the staff report on the Project Study Report (PSR) additional costs to analyze two more traffic alternatives. A Scope of Services from Mark Thomas & Company was distributed this evening. Mr. Matarazzo reported that to date, the City has paid \$150,000 for the PSR, and gave a history of the project. CalTrans is requiring the analysis of two more traffic alternatives which will greatly effect the southbound flow of traffic, especially into the Edgewater Center. Their letter of June 12th stated that "...\$1.5 million in STIP funds that were placed in reserve by TAMC for project development at this location, cannot be programmed until this PSR is completed." The estimate for this new work is \$26,320 and amends the proposed resolution. City Engineer Kulakow discussed the PSR plan and CalTran's proposal. City Administrator Morgan said that only a large development project will possibly initiate any of the alternatives that will be listed in the approved PSR. **City RESOLUTION Approving the Expenditure of \$26,320 to Contract with Mark Thomas to Complete the Highway One Project Study Report based on Final Requirements of CalTrans.**

Motion to approved Resolution, as amended, by title only was made by Councilmember Kruper, seconded by Councilmember Hubler. AYES: All members. NOES: None. Motion carried.

- B. Mayor Pendergrass led the discussion of the annual City barbecue after-action report. Some of the recommendations suggested included the following: 1) use the same band next year, and should be considered for the annual awards banquet; 2) move the band closer to the crowd and use their sound system; 3) do the children's give-away in another location (possibly the Council Chambers); 4) use names, not numbers on the give-away tickets; 5) have a bbq committee make these decisions next year; 6) need many more smaller t-shirts that will fit children; 7) discuss how and where for desserts; 8) have the Police Department review more as an event instead of an exercise; and 9) consider having recorded music and keep the emphasis of the bbq on children and families.
- C. Community Development Director Matarazzo gave an update on Sand City pending development projects. The coastal project application for the Calabrese-east coastal inn (25 units) could be submitted as early as next month. Coastal Commission legal counsel Diane Landry liked the proposed design and recommends the same type of architecture for the Sterling site.
- D. 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. The PSR was updated in agenda item 8-A. The lighting project on the Playa Avenue section of the bicycle trail has commenced, and the Change Orders approved this evening (agenda item 5-J) will allow timers on lights to help control electrical costs. The bicycle application to CalTrans will be considered by TAMC in the very near future. Staff expects July/August for the Fell to Park Avenue undergrounding bids. Councilmember Kline wanted to know how the street lighting will be effected by this undergrounding of utilities. Mr. Kulakow said that he will check that the issue is incorporated in the plan, especially at the end of Park Avenue where homes are located. Undergrounding utilities on Ortiz will also need to be considered in the future. Consultant Martin Feeney expects his hydrogeology report to be finished by the end of June; and Separation Processes (Dick Sudak) work is in progress on the desal plant design. There will be a meeting in early August to have an in-depth report on the desal status to the City Council. Councilmember Blackwelder recommended noticing on the bicycle trail stating when lights will be turned off in the late evenings. Mr. Kulakow said staff could also monitor the night time activity. Mr. Kulakow reported the lighting design/plan for the Calabrese Park will start next month. Councilmember Blackwelder complimented the refurbishing of the wood in the Council Chambers. It was reported that the additional banding of the gray stripe has yet to be completed.

8:32 P.M. Recess
8:40 P.M. Reconvene

AGENDA ITEM 9, NEW BUSINESS:

- A. City Administrator Morgan presented the City **RESOLUTION Adopting the Preliminary Combined City & Redevelopment Agency Budget for Fiscal Year 2001-2002**. There are several benchmarks slated for the next fiscal year - 1) several development and redevelopment projects should get started; 2) property sales and acquisitions; and 3) proposed municipal programs such as desal, undergrounding utilities, and parking. He went on to discuss possible major development and redevelopment projects plus the pass-through revenues and expenditures. Mr. Morgan said that possible property acquisitions and/or sales could artificially spike revenues and expenditures as they occur. The City is still very dependant on sales tax revenues and needs to diversify the revenue base which is why resort project(s) are being encouraged. Mayor Pendergrass wants to emphasize the capital improvements that have or will occur by adding it to the City's website.

Motion to approve Resolution, by title only, was made by Councilmember Kline, seconded by Councilmember Blackwelder. AYES: All members. NOES: None. Motion carried.

- B. Executive Director Morgan presented the Redevelopment Agency **RESOLUTION Adopting the Preliminary Combined City & Redevelopment Agency Budget for Fiscal Year 2001-2002**, as previously discussed in agenda item 9-A.

Motion to approve Resolution, by title only, was made by Agency member Kline, seconded by Agency member Kruper. AYES: All members. NOES: None. Motion carried.

- C. City Administrator Morgan presented the City **RESOLUTION Establishing an Appropriations Limit for Fiscal Year 2001-2002 Pursuant to Article XIII B of the California Constitution**. The new Gann Limit for FY 2001-2002 is \$5,729,069. This is calculated based on two adjustment factors: population ratio (% change for the County or the City) and inflationary ratio (per capita income % change). This is the first time that Sand City's population percent change (3.45%) is higher than the County's (1.73%). The per capita personal income change of 7.82% is significantly higher than last year's percent change of 4.91%.

Motion to approve Resolution, by title only, was made by Councilmember Hubler, seconded by Councilmember Kruper. AYES: All members. NOES: None. Motion carried.

- D. Mayor Pendergrass led the discussion of future Council/Redevelopment Agency meeting dates (July 3rd, Special Meetings, etc.). By consensus, due to a lack of quorum, the July 3rd meeting will be cancelled, and the next regularly scheduled meeting will be July 17th.

AGENDA ITEM 10, CLOSED SESSION:

[A revised agenda was distributed after the format of Closed Session was changed to break up each property being considered this evening by assessors parcel numbers due to possible conflicts of interest.]

- A. City/Redevelopment Agency adjourned to Closed Session:

- (1) to confer with real property negotiator, in accordance with §54956.8 of the Ralph M. Brown Act to discuss possible purchase of property to enlarge civic center or use for redevelopment purposes:

[Due to a possible conflict of interest on the Sylvan Avenue property being considered, Agency members Kline, Pendergrass and Hubler drew straws to determine who would be excused. As a result of that drawing, Kline and Pendergrass left the Chambers while this item was considered and returned after the action was taken.]

- a. APN 011-187-004 (Sylvan Avenue)

[Due to a possible conflict of interest by residing within 500' of the Orange Avenue property being considered, Agency members Blackwelder and Kruper were excused, left the Chambers while this item was considered, and returned after the action was taken.]

- b. APN 011-238-016 (Orange Avenue)

[Due to a possible conflict of interest on the Dias & Hickory property being considered, Agency member Hubler was excused, left the Chambers while this item was considered, and returned after the action was taken.]

- c. APN 011-194-001, and portion of 011-191-001 (Dias & Hickory Avenues)

[Due to a possible conflict of interest by residing within 500' of the John & Redwood property being considered, Agency members Blackwelder, Hubler and Kruper drew straws to determine who would be excused. As a result of that drawing, Hubler and Kruper left the Chambers while this item was considered and returned after the action was taken.]


- (2) To discuss possible purchase of property for municipal or redevelopment purposes, APN 011-177-012 & 028 (John & Redwood - Dr. Kay property).
- (3) To confer with legal counsel to consider initiation of litigation (one case - SNG Development), pursuant to §54956.9(c) of the Brown Act.

- 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) a. By consensus, the Redevelopment Agency gave direction to the real property negotiators (Executive Director and Agency Counsel) to continue negotiations on the Sylvan Avenue property. Agency members Kline and Pendergrass were absent from discussion.
- b. No action on Orange Avenue. Agency members Blackwelder and Kruper were absent from discussion.
- c. No action Dias & Hickory. Agency member Hubler was absent from discussion.
- (2) By consensus, the Redevelopment Agency gave direction to the real property negotiator (Executive Director) to continue negotiations on the John & Redwood (Dr. Kay) property. Agency members Hubler and Kruper were absent from discussion.
- (3) By consensus, the City Council gave direction to the City Attorney to proceed with the necessary steps to collect on the note from SNG Development. Send a demand letter, and if necessary include appropriate legal steps.

AGENDA ITEM 11, ADJOURNMENT:

- A. Motion to adjourn was made by Councilmember Hubler, seconded by Councilmember Kruper, to the next regularly scheduled City Council meeting on July 17, 2001, 7:00 p.m. There was unanimous Council consensus to adjourn at 10:28 p.m.



Debra Taylor, City Clerk