

**MINUTES**  
**JOINT SAND CITY COUNCIL AND REDEVELOPMENT AGENCY**  
**City Council Chambers**  
**Regular Meeting - July 17, 2001**  
**7:00 PM**

---

Mayor Pendergrass opened the meeting at 7:03 p.m.

Pastor David Martin led the invocation.

Police Chief Klein led the Pledge of Allegiance.

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

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

**AGENDA ITEM 4, COMMUNICATIONS:**

- A. Written communications distributed to City Council this evening included an energy conservation pledge request from the League of California Cities (item 7-B) and a July 17<sup>th</sup> letter from King Ventures on the DDA (item 8-C).
- B. The floor was opened, but 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. Conditional Use Permits 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 #223, San Juan Pools of Monterey (Open Storage), 756 California Avenue

- (2) CUP #321, John Groves (Open Storage), 872 Afton Avenue
  - (3) CUP #367, Sand Dollar Art & Framing Center (Art & Framing Shop), 824 Playa Avenue
  - (4) CUP #368, Port of Subs (Sandwich Shop), 832 Playa Avenue
  - (5) CUP #402, Cary Norman/Can-Tron (Electronics), 710 California Avenue
- B. There was no discussion of the June 19, 2001 Minutes.
  - C. There was no discussion of the City/Redevelopment Agency Financial Reports, May.
  - D. There was no discussion of the monthly Police Department Activity Report, June.
  - E. There was no discussion of the Sand City voting delegate at the annual League of California Cities conference in Sacramento. Mayor Pendergrass will be the main delegate, and Vice-Mayor Kline the alternate.
  - F. There was no discussion of the Arts Committee Minutes, May 24<sup>th</sup> (Committee meeting continued from May 9<sup>th</sup>).
  - G. There was no discussion of the City **RESOLUTION Approving an Annual Expenditure of up to \$89,694 to be Paid to Monterey-Salinas Transit (MST) for Bus Service within Sand City**. This is a 4% increase from the previous year and the contract expires June 30, 2002.
  - H. There was no discussion of the City **RESOLUTION Authorizing Change Order #1 to the Service Agreement and Scope of Work with Martin Feeney to Provide Additional Technical Services Related to the Sand City Water Project**. The Change Order is for an additional \$10,000 over his original contract (SC 00-25) and will be extended to December 31, 2001.
  - I. There was no discussion of ratifying personnel expenses contained in FY 2001-02 Combined Budget:
    - 1) City **RESOLUTION Authorizing Adjustment of Contract Service Fees with the City Engineer**. This is a 3.3% cost of living increase for monthly/hourly service fees.
    - 2) City **RESOLUTION Authorizing Retroactive CalPERS Coverage for the City Attorney for the Years November 1985 to June 1990**. It is estimated that arranging the previous PERS coverage for the City Attorney will be a one-time cost that should not exceed \$7,000.

- 3) City **RESOLUTION Authorizing Five-Percent Salary/Cost of Living Adjustments for City Employees, Fiscal Year 2001-2002.** This will be a 5% cost of living/salary increase for all employees.

Motion to approve Consent Calendar was made by Council member Kline, seconded by Council member Blackwelder. AYES: All members. NOES: None. Motion carried.

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

No items.

#### **AGENDA ITEM 7, PRESENTATION(S):**

- A. Mayor Pendergrass made a presentation on behalf of the City Council of a Key to the City to Kit Parker for his community participation and contributions to the Sand City art program. Mr. Parker thanked the City Council.
- B. Presentation by City Engineer and City Administrator on "*Watt's" Going On, California?* a public education & promotion program from the League of California Cities on the electrical power crisis in California. Additional handouts were provided this evening. The City Council agreed to approve the Energy Conservation Pledge of implementing programs in government buildings and facilities to reduce our electricity use by up to 15% from last year's usage. The pledge notice will be sent to the League.

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

- A. Agency Planner Matarazzo presented the staff report pertaining to the Redevelopment Agency RESOLUTION Extending the Period in Which to Respond to a Request for Statements of Interest Related to Owner Participation in the South of Tioga Area. The final date to submit these statements was July 10<sup>th</sup>. On that date, the Agency received only one response from DBO Development, and a letter from a property owner representative (for Ausonio/Barsotti properties) requesting an extension to apply. Notices were sent to all property owners in a timely manner and in accordance with state law.

7:22 P.M. Floor Open for Public Comment

LINDA GRIER (Property owner representative): She sent the letter of request on behalf of Ausonio/Basotti. This property has been in their family for years. This is the first time they have heard about any redevelopment, so they would like an extension to evaluate the use of their property. She

stated they did not receive the notice until the first week of July. In response, Mr. Matarazzo pointed out that the return receipt date was signed June 12<sup>th</sup> by a Barsotti representative.

DAVE MILLER (DBO Development): They are looking for fair and equal treatment because they met the requirements by the Redevelopment Agency in a timely manner.

7:31 P.M. Floor Closed to Public Comment

Executive Director Morgan stated that these property owner noticing complied with state and redevelopment laws. Chairman Pendergrass stated that from what he has heard this evening, he does not feel convinced that the Agency should grant an extension. A potential project has been discussed as early as 1996. The Agency needs a good developer to make the project a success. All notices to property owners were sent out certified mail to ensure they were received in a timely manner. Agency member Hubler commented that the application period has been open for some time and DBO has met all the requirements in time. It would be unfair to DBO to extend the deadline. Agency Secretary Kline said that staff has followed due process and now that the deadline is closed, it is time to move forward.

Chairman Pendergrass made the motion to deny the time extension and not approve the resolution, seconded by Agency member Hubler. AYES: All members. NOES: None. Motion carried. The resolution authorizing a time extension was denied.

- B. Presentation by Community Development Director Matarazzo on "Desalination Feedwater/Concentrate Disposal System" report prepared by consultant Martin Feeney. Mr. Matarazzo gave background information on the need for a desal facility in Sand City. The proposed desal plant will be similar to the one operating in Marina (300 acre feet per year) so that the City can continue with its redevelopment efforts, including the ability to increase housing supply. One of the major objectives of the proposed desal project is to extract between 300 and 450 acre feet of annual water supply from brackish water near the coast with no environmental damage. Results of the hydrogeologic testing summarized in Mr. Feeney's report, combined with current desalination reverse osmosis technology confirm that this objective can be satisfied. Although a relatively high amount of nitrates was found in the proposed feed water source, reverse osmosis membrane technology eliminates nitrates to a non-detectable level, exceeding state and local health requirements for drinking water. The final phase of the feasibility study will be to determine the plant design and location(s). An Environmental Impact Report (EIR) and a Coastal Development Permit (CDP) will need to be approved in the future. Final desalination plant construction will be subject

to Coastal Commission and Water District review and approval, as well as close coordination with Cal-Am Water.

City Engineer Kulakow reported that staff has been researching a number of possible sites to locate the desal facility. Some issues being considered: the City will need 1-million gallon storage tank (if separated from Cal-Am) or 1/2-million gallon storage tank (if not separated from Cal-Am), pumps for pressure throughout the City, distribution system, permit issues, water supply, operating experience. Mayor Pendergrass said that the City cannot use Cal-Am pipes, but there may be a new company formed that could handle the distribution.

- C. Agency Attorney Heisinger presented **RESOLUTION of the Sand City Redevelopment Agency Accepting the McDonald Site Disposition & Development Agreement with John King**. The Redevelopment Agency approved the DDA with King Ventures at the June 19, 2001 City/Redevelopment Agency meeting. This resolution formally adopts the amended, signed Disposition & Development Agreement with John King for the McDonald coastal property. A letter of support and explanation received today from Mr. King was distributed to the Board.

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

- D. Community Development Director Matarazzo gave an update on Sand City pending development projects. "Wellington Homes" is moving forward on their proposed East Dunes development (120+ homes). They are researching the political climate for implementing a desal project and are conducting a biological survey to confirm the area of habitat set-aside.
- E. 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. Mayor Pendergrass stated that Seaside has never installed the fence at the storm drain outlet. Has there been any response to our letters? City Engineer Kulakow said that it is/has been on Seaside's agenda, but is not considered a priority. There could be serious safety issues due to the protrusion of this old 36" outfall pipe. Staff will write the Seaside City Council outlining concerns of safety and liability. Mr. Kulakow reported that the bicycle trail light conduit is installed. CalTrans may be replacing the fence along Highway One soon (originally installed in the 1960s).

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

*[Due to a possible conflict of interest on the 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 dais and joined the audience.]*

- A. Executive Director Morgan presented a report on the lease agreement with Granite Construction on the former Robinette property, a portion of Redevelopment Agency property located at 625 Elder Avenue. Mr. Morgan gave a history of the property and the terms of the leases entered into with Grimsley and Granite Construction. Even though the lease expires June 30, 2003, the Agency has the right to terminate this lease following 6 months' written notice any time after June 30, 2001. The City/Agency needs to establish water credits on the site, and has been receiving lease revenue in the interim. There are many issues to be considered and the site will need to have the following removed: tower, mobile trailer, shed, powder residue, and concrete.

8:12 P.M. Floor Open for Public Comment

DON OROSCO (DBO Development): There are some complicated issues to be considered with the site which may be used as part of a redevelopment project in the future.

KURT NIFFIN (Granite Construction Branch Manager): They knew it would be a gamble by taking over the lease from Grimsley. When Granite received the call from Mr. Morgan regarding possible early termination, they ceased all plans for the site. They are concerned about long term of availability and would need 3-5 years minimum to make it worth their while. They request that this not be used as a redevelopment relocation site, otherwise they wish to terminate the lease as soon as possible.

8:20 P.M. Floor Closed to Public Comment

Agency Attorney Heisinger re-emphasized staff comments. It is important that water credits are established and he is concerned there has been little/no activity on the site. Chairman Pendergrass wants to do what is fair and recommends staff negotiate with Granite to require appropriate site clean up.

Motion to direct Agency staff to terminate lease with Granite Construction and to negotiate any balances due, was made by Agency member Kline, seconded by Agency member Blackwelder. AYES: Agency members Blackwelder, Kline, Pendergrass. NOES: None. ABSTAINED: Agency members Kruper and Hubler. Motion carried.

*[Council/Agency members Hubler and Kruper returned to the dais.]*

*[Due to a possible conflict of interest on the project area being considered, Councilmembers Blackwelder and Kruper were excused from participating in the next agenda item. They left the dais and joined the audience while this item was considered.]*

- B. Community Development Director Matarazzo presented the City RESOLUTION Waiving Building Development Fees for All Projects Within the Old Town District that Contain Major Components of Mixed Use as Envisioned by the Pending General Plan Update. This request for fee waivers was initiated by Greg Hawthorne, owner and developer of the proposed mixed commercial/residential development on Ortiz Avenue (he was not present this evening). These impact fees are imposed at the rate of 10¢ per square foot of total floor area. The purpose of the revenue collected by the fee is to partially offset street and other public improvement costs necessitated by proposed development. Mr. Hawthorne's building development fees are approximately \$1,100. This waiver was allowed for the St John development in the East Dunes. City Administrator Morgan said that Mr. Hawthorne thought the fees were steep, the business license for the contractor is high (\$850), mixed-use financing is difficult to acquire, construction expenses are high, and he raised genuine issues that should be considered.

The City Council discussed their concerns. Councilmember Hubler said that \$1000 is not a lot of money, but wants to be sure that if the City kills this fee (for this project) now that it won't be regretted in the future.

Motion to approve Resolution, by title only, was made by Mayor Pendergrass. The motion was not seconded. ABSTAINED: Councilmembers Blackwelder and Kruper. The resolution was not approved due to the lack of a second.

*[Councilmembers Blackwelder and Kruper returned to the dais.]*

8:42 P.M. Recess

8:57 P.M. Reconvene

**AGENDA ITEM 10, CLOSED SESSION:**

- 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 at the June 19<sup>th</sup> 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 determined.]*

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 determined.]*

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 for the remainder of the meeting.]*

c. Portion of APN 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 at the June 19<sup>th</sup> meeting to determine who would be excused. As a result of that drawing Agency member Kruper left the Chambers while this item was considered and returned after the action was determined. Agency member Hubler was already excused for the remainder of the meeting.]*

- (2) To discuss possible purchase/exchange of properties for municipal or redevelopment purposes, APN 011-177-012 & 028 (Redwood Avenue & Highway One) and APN 011-177-009 (upper John Street).
- (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. By consensus, the Redevelopment Agency gave direction to the real property negotiators (Executive Director and Agency Counsel) to continue negotiations on the Dias & Hickory property. 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 extend the note from SNG Development for one year. Councilmember Hubler was absent from discussion.

**AGENDA ITEM 11, ADJOURNMENT:**

- A. Motion to adjourn was made by Councilmember Blackwelder, seconded by Councilmember Kruper, to the next regularly scheduled City Council meeting on August 7, 2001, 7:00 p.m. There was unanimous Council consensus to adjourn at 9:37 p.m.



---

Debra Taylor, City Clerk