

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

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

There was no 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
Debra Taylor, City Clerk

AGENDA ITEM 4, COMMUNICATIONS:

- A. Written communications distributed to City Council this evening included a Redevelopment Agency Resolution regarding "good cause" time extensions related to use of water reservations (item 8-A); and deed certificate on Sylvan Avenue property (item 9-F).
- B. The floor was opened at 7:02 p.m. for oral communications.
GREG HAWTHORNE (Property owner): He distributed an outline of fees he will incur for development. He discussed some of the high impact fees developers have to face such as building/permit, water management, school impact, water pollution agency and 100-year flood zones (drainage). This could cause problems for developers in the future and may effect the urban renewal of Old Town. These fees need to be reduced. He would like some input from Council because this effects all developers, not just him.

Community Development Director Matarazzo stated that there used to be existing homes on Mr. Hawthorne's Ortiz site, but all new fees are being assessed on the project. Mr. Hawthorne will be taking this issue up with the school Board. Mayor Pendergrass pointed out that many to most of the fees

on Mr. Hawthorne's list were beyond the control of the City (Water Management District fees, school impact tax, Monterey Regional Water Pollution Control Agency, etc.).

The floor was closed to public comments at 7:09 p.m.

AGENDA ITEM 5, CONSENT CALENDAR:

- 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 #257, Precision Porsche (Auto Repair), 475-A Olympia Avenue
 - (2) CUP #317, Rick's Auto Upholstery (Auto Upholstery), 713 Dias Avenue
 - (3) CUP #334, Bob Hayes (Auto Repair), 336 Orange Avenue
 - (4) CUP #345, James Obara (Mobile Home), 770 Tioga Avenue
 - (5) CUP #370, Economy Cleaners (Dry Cleaners), 840 Playa Avenue
 - (6) CUP #378, Carmel Glass Company (Glass Contractor), 613-B Ortiz Avenue
 - (7) CUP #388, Sanctuary Rock Gym (Recreation), 1855-A East Avenue
 - (8) CUP #392, SK8 Station (Recreation), 1855-B East Avenue
 - (9) CUP #396, McDonald's Restaurant (Fast Food), 990 Playa Avenue
 - (10) CUP #408, Neil & Gael Owens (Open Storage), 1714 Contra Costa
- B. There was no discussion of the July 17, 2001 Minutes.
- C. There was no discussion of the monthly Fort Ord Reuse Authority (FORA) report, July.
- D. There was no discussion of the Mayor's appointments to Monterey Peninsula Water Management District Redistricting Committee. Committee members will be Debra Blackwelder, Terry Shaw, and Jeannette Pendergrass (alternate).
- E. There was no discussion of the Amicus Brief in support of City of Burbank (*Rubin v. City of Burbank*) regarding invocations.

- F. There was no discussion of the City **RESOLUTION Authorizing the Acceptance of Contract Change Order No. 3 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**. This Change Order is in the amount of \$9,290.95 for the installation of conduit and transformer pads (\$2,880) and to embed the light poles into deeper holes + concrete (\$6,410.95).

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

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

No items.

AGENDA ITEM 7, PUBLIC HEARING(S):

[Due to a possible conflict on interest, Council/Agency members Blackwelder, Hubler and Kruper had drawn straws at a prior meeting to establish quorum. As a result of that drawing, Councilmembers Hubler and Kruper stepped down from the dais and joined the audience.]

- A. Consideration of Combined Development Permit 2001-01 to exchange property with Roy Woods to create possible parking options at upper Contra Costa and western terminus of John Street and at west end of Redwood Avenue and City **RESOLUTION Authorizing the Exchange of Properties Between Sand City (011-177-009) and Mr. Roy Woods (011-177-012 & 028) and the Approval of a Combined Development Permit for the Development of a Parking Lot**. Community Development Director Matarazzo presented background information on this property. Mr. Woods wants to have the City property (end of John Street) for additional parking and the City, in return, wants to purchase Mr. Woods property. As partial payment the City has offered the surplus property at the end of John Street. Mr. Woods has also requested that 7 spaces in the Redwood Avenue lot be reserved (permanent lease, easement or ultimate sale) for his buildings' parking needs. The property may be a good site for a desal plant location. A public hearing will be held on August 21st to consider vacating the end of John Street.

City Administrator Morgan stated that staff is still working on negotiations with Mr. Woods. Staff anticipates an interim parking use on the Dr. Kay/Woods site that will be graded, not paved, to facilitate as much parking as possible. Staff will contact nearby businesses to discuss parking arrangements (for a fee) to help offset acquisition and grading costs.

Councilmember Kline asked if anything is needed from CalTrans for an encroachment permit? In response, Mr. Matarazzo replied that if it is required, Condition #7 states Mr. Woods is the responsible party.

7:17 P.M. Floor Open for Public Comment

No comments. Mr. Woods was not present this evening.

7:18 P.M. Floor Closed to Public Comment

City Attorney Heisinger made a minor addition to Condition #3 to include the Sand City Redevelopment Agency.

Motion to approve Coastal Development Permit #01-02, Conditional Use Permit #411, Site Plan Permit #01-02 (Combined Development Permit), as amended, and Resolution, by title only, was made by Councilmember Kline, seconded by Councilmember Blackwelder. AYES: Councilmembers Blackwelder, Kline, Pendergrass. NOES: None. ABSTAIN: Councilmembers Hubler and Kruper. Motion carried.

[Councilmembers Hubler and Kruper returned to the dais.]

AGENDA ITEM 8, OLD BUSINESS:

[Due to a possible conflict of interest as a recipient of water for a project, Agency member Blackwelder was excused, stepped down from the dais and joined the audience.]

- A. Agency Planner Matarazzo presented the mid-term review of 2001 water allocations for mixed-use development and associated policy considerations by the Redevelopment Agency, and Agency **Resolution Regarding "Good Cause" Time Extensions Related to Use of Water Reservations** (the resolution was distributed this evening). Due to concerns in obtaining financing for mixed-use development, there may be delays for projects that were awarded one-year water reservations in February 2001. Staff is recommending some guidelines as to "good cause delays" that will outline criteria and requirements that result in project delays, and possible water reservation time extensions.

7:30 P.M. Floor Open for Public Comment

No comments.

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

Motion to approve Resolution, by title only, was made by Agency member Pendergrass, seconded by Agency member Hubler. AYES: Agency members

Kline, Hubler, Kruper, Pendergrass. NOES: None. ABSTAINED: Agency member Blackwelder. Motion carried.

[Agency member Blackwelder returned to the dais.]

- B. Community Development Director gave an update on Sand City pending development projects. Wellington Homes now propose 170 homes for the East Dunes area, with a Seaside Florida-type design. High density is being proposed near Tioga Avenue, and a presentation will be made at the August 21st meeting. Hopefully this project can come online with the South of Tioga project at the same time.
- 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. City Engineer Kulakow reported the bicycle trail lighting conduit/electrical source is in place and they are awaiting delivery of bollards. Staff will be applying for additional grant funds to light the Sand Dunes Drive portion of the bicycle trail. The Seaside/Sand City Bicycle Trail has been recognized with a CalTrans excellence award and will be reported in the CalTrans journal. CalTrans will make the presentation to the City Council at a future meeting. The Dick Sudak desal feasibility report on design of the desal plant will be forthcoming in a couple of weeks.

AGENDA ITEM 9, NEW BUSINESS:

- A. Consideration by Redevelopment Agency and City Council of possible redevelopment project for South of Tioga area was presented by staff and included the following:
 - (1) Review and evaluation of Statement(s) of Interest received in response to Redevelopment Agency's notice/request for qualifications
 - (2) Comments by DBO Development representatives
 - (3) Consideration of Redevelopment Agency **RESOLUTION Accepting Statement of Interest from DBO Development Regarding a Future Redevelopment Project for the Area to be Known As "South of Tioga" with Further Direction to Staff**
 - (4) Feedback and direction to staff

Chairman Pendergrass gave a brief history and outlined the meeting format to the public prior to the staff presentation. He encouraged residents and business owners to stay informed and ask questions of staff at any time. Agency Planner Matarazzo reported that July 10th was the deadline to submit Statements of Interest for the South of Tioga project area, and only one was received (DBO Development). Mr. Matarazzo outlined the ten criteria required in the Statement of Interest to evaluate submittals. Party Wholesale, Monterey Fish Company, Mediterraneo, other businesses and some residential

properties will be impacted. This project will require a good working relationship with the City of Seaside. The developer does outline the need of financial contributions by the Redevelopment Agency to complete the project. Staff suggests that DBO hire a relocation expert (meet with property and business owners) as soon as possible. Mr. Matarazzo outlined the history and success of the Edgewater Center relocations by DBO. Other highlights mentioned: changing the footprint of the existing Smith Blue Butterfly habitat may be impossible; water credits will be provided through the Tringali properties; some remediation will be required at the transfer station; staff recommends entering into an Exclusive Negotiating Agreement (ENA) for the project; and comments have been received from the Surfrider Foundation regarding concerns about traffic generation and impact on sand dunes.

8:07 P.M. Floor Open to Public Comment

DON OROSCO (DBO Development): Redeveloping the South of Tioga area has been discussed since 1995. There is still major retail demand and this is one of the few areas on the Monterey Peninsula to accommodate it. Infill development in urban centers is extremely difficult. He understands the concerns of property owners and businesses because change is painful, and there is an education process for everyone involved. One thing he cannot do in an infill area is to proceed without a sense of cooperation from all parties involved, because it is such a delicate issue with habitat and relocation issues. Everyone is a part of this "team" to make a successful project - otherwise it will fail - it works only with cooperation. As a businessman he must consider the entire costs involved. Mr. Orosco discussed the proposed home improvement center and what will produce the most money for the least amount of pain; land costs on the peninsula; the difficult task of convincing retailers to move into an area at an average of \$25 per square foot; and the economic benefit to the City. DBO is committed to do their best and keep it a win/win situation for all parties.

ALICE KOKKINOS (Mediterraneo Company): Why would someone want to take paradise and turn it into a parking lot? Tioga is a prime business location and they would like to stay. She is not against development, but can there be a strip of smaller shops along Tioga with parking at the back? People can find a Lowes anywhere and a Home Depot plus a parking lot is not an attractive look for Sand City. They have been complimented on their beautiful store. She is concerned over environmental impacts of a large parking lot. Are they just going to flatten the dunes?

BOB GREGORY (Party Wholesale): They have been at their location for eleven years and have a good relationship with the City. If they move, it will put them out of business. They are spending \$3,000 per month just on advertising and if you relocate them to another area, they are dead because they don't have the time or money to re-establish themselves.

DOUG MELVILLE (Business owner): What are you going to do for the property owners? He wants a meeting with all the business and property owners to find out what they want or what they'll get.

AMBER COOPER (Tioga Avenue resident): Does she have to move? She is pregnant and does not want to move or put more money into the property to make it nice if they have to move. There was some discussion of whether eminent domain would be used.

CATHY GOMEZ (Property owner): She has strong objections to the proposed design of the project. Wants a more inner city design near the coast and the Redevelopment Agency should be concerned what is put in this area, it is a special area. Change is inevitable and does not have to be painful.

RALPH TOPS (Tioga Avenue resident): As a renter he has less clout and is very anxious about his future rental prospects. Can't a portion of Tioga remain with businesses and put the parking behind the businesses to get better use out of Tioga Avenue?

Chairman Pendergrass reminded the audience that the Agency is not considering a project-specific design right now. The meeting tonight is to give some input; and he wants to treat everyone fairly.

DICK ROSS (Ross Roofing): He has raised certain concerns more than two months ago and still has not received a response from staff. There are no assurances and people are in limbo. He has four properties in the Tioga area that will be effected (plus three rentals) and he may incur tremendous costs. He only hears a lot of talk and no reassurances. He has been here for 37 years and it's difficult to make business plans with this hanging over his head. It directly effects the future of his family and he is not receiving any guarantees of fairness. He spoke with DBO and current offers will not cover the overall relocation costs. He does not want to go to Castroville because his work is primarily on the peninsula. He's a small business, not a Granite Rock who can stay because they are bigger and have more money.

8:50 P.M. Floor Closed to Public Comment

Chairman Pendergrass does not want to see a standard big box design as it is one of the main entrances into Old Town. Tonight's action by the Redevelopment Agency will just allow the door to be opened for discussion. This process could take up to 18-24 months. He applauds the comments and input received tonight.

Mr. Orosco replied to certain comments by the public. The Mediterraneo store is fantastic with great products and great people. Unfortunately, they are right near a former disposal site. The commercial project design may never

be seen again as each concern is addressed. He feels he has come up with very good work-arounds as he did with the Edgewater Center concerning habitat. He gave examples of other projects, especially involving environmental issues. Mr. Orosco explained that he is in a "non-status" situation until the Agency makes a decision. He has no official status which is why he has resisted conversations with certain business owners. He looks forward to having the opportunity to talk with business and property owners and determine individual needs. It is still hard to make any promises and parking issues will be determined by parking requirements and project size. He will meet with Party Wholesale in the future if these first steps are approved tonight. Mr. Melville was not approached for the same reason. If the Agency waited to talk to all property owners first, there would never be a consensus, therefore the elected officials are doing their job in the proper order. Mr. Orosco replied to Ms. Cooper saying he would like to meet with her family soon and that he is aware of attachments that people can have. To Mr. Tops: DBO now owns the residential property where he is located. DBO will be embarking on relocation issues related to renters and home owners (such as Mrs. Matthews). He also looks forward to resuming discussions and alternatives.

Agency Chair Pendergrass noted again that any action tonight does not approve a project-specific design. Accepting DBO's qualifications will allow further discussions and negotiations with property and business owners. Mr. Matarazzo added that it still needs to be determined if the project is financially feasible.

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

9:20 P.M. Recess
9:40 P.M. Reconvene

- B. Community Development Director Matarazzo presented the City **RESOLUTION Adopting Guidelines and Standards to Be Used in the Review of All Development Projects Requiring Design Review or Site Plan Review, as Specified in the Sand City Zoning Ordinance Design Guidelines for Site Planning and Architecture**. In the early 1980s the City revised its zoning ordinance to include the requirement of design review for most (re)development projects, thereby forming the Design Review Committee (DRC). Design review guidelines have been primarily based on general statements included in the Local Coastal Program (LCP) and some design objectives established in the Redevelopment Plan. The proposed resolution will include "Development Guidelines and Standards for Architecture and Site Planning" in the review of all (re)development projects within

Sand City. This will be a helpful tool for the DRC, especially with smaller projects coming forward as a result of the water reservations.

Councilmember Hubler stated he was on the DRC for a long time and agrees that these guidelines are necessary. Mayor Pendergrass commented that the Council does not see what the DRC approves and it will be good to have these guidelines.

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

- C. Police Chief Klein presented the City **RESOLUTION Approving an Agreement for 9-1-1 Emergency Communications Dispatch Services**. The initial term of this Agreement shall be until June 30, 2003 and will include measurable performance standards by the Users Advisory Council. The agreement also covers only the annual operating costs for the dispatch program and does not include building or capital improvement costs. City Administrator Morgan has been a representative for the City Managers' Association and commented that Carmel was not previously a part of the dispatch center, but will now be joining this program.

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

- D. Police Chief Klein presented the City **RESOLUTION Approving Agreement for the Construction and Funding of a Consolidated Dispatch Center for 9-1-1 Emergency Communications**. This cooperative agreement will consolidate the communication facilities to one location and will include major upgrades in equipment. The pro-rata share estimate for Sand City is \$21,298.

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

- E. Police Chief Klein presented City **RESOLUTION Authorizing Agreement for Construction and Funding of a County Animal Shelter with the County of Monterey Health Department**. To accommodate the needs of local agencies for animal control housing, a new facility is being proposed by Monterey County. Pacific Grove will be building their own facility, Salinas has an existing shelter, and the City of Monterey will join the SPCA program. The pro-rata share estimate for Sand City is \$6,215 or at a rate of \$598.86 per year for 15 years (\$8982.90 total). The County will be charging a 15% fee for any agencies that join the program late. This program will only deal with

domestic animals such as cats and dogs. Staff is recommending approval of this 15-year payment plan.

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

[Due to a possible conflict on interest, Councilmembers Kline, Pendergrass and Hubler had drawn straws in a prior meeting to establish quorum. As a result of that drawing Councilmember Kline stepped down from the dais and joined the audience. According to recent advice from the Fair Political Practices Commission to the City Attorney, Councilmember Pendergrass does not have a conflict by living within 500' of the project area because he does not own nor have a lease for property within the 500' radius.]

- F. City Administrator Morgan presented the City **RESOLUTION Authorizing the City Administrator to Enter into a Real Property Purchase Agreement and to Accept the Grant Deed Pursuant to the Agreement for Sylvan Avenue Property (APN 011-187-004)**. City Attorney Heisinger stated that in the attached Real Property Purchase Agreement, the City is agreeing to pay Mr. & Mrs. Randazzo \$110,000 for their property on Sylvan Avenue, behind City Hall (appraised market value of \$135,000). Essentially this is an agreement to exchange two vacant lots on Sylvan Avenue for two vacant lots on Orange Avenue. Several technical steps must be completed prior to executing this agreement: review of preliminary title report, compliance with CEQA regulations, payment of purchase price, completion of purchase agreement for Orange Avenue property, amendment of Agency resolution to allow transfer of water credits allocation from Sylvan property to Orange Avenue property. The City is responsible for escrow fees.

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

[Councilmember Kline returned to the dais.]

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 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.]

- a. 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.]

- b. Portion of APN 011-191-001 (Harper property)

[Due to a possible conflict of interest by residing within 500' of the John & Redwood property being considered, Agency members Blackwelder, Hubler and Kruper had drawn straws at the June 19th 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)

- 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 Orange Avenue property. Agency members Blackwelder and Kruper were absent from discussion.

- b. By consensus, the Redevelopment Agency gave direction to the real property negotiators (Executive Director and Agency Counsel) to continue negotiations on the Harper property. Agency member Hubler was absent from discussion.

- (2) By consensus, the Redevelopment Agency gave direction to the real property negotiators (Executive Director and Agency Counsel) to continue negotiations on the John & Redwood (Dr. Kay) property. Agency members Hubler and Kruper were absent from discussion.

AGENDA ITEM 11, ADJOURNMENT:

- A. Motion to adjourn was made by Councilmember Kline, seconded by Councilmember Kruper, to the next regularly scheduled City Council meeting on August 21, 2001, 7:00 p.m. There was unanimous Council consensus to adjourn at 10:25 p.m.



Debra Taylor, City Clerk