

MINUTES
JOINT SAND CITY COUNCIL AND REDEVELOPMENT AGENCY
City Council Chambers
Regular Meeting - June 6, 2000
7:00 PM

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

Councilmember Jerry Blackwelder led the invocation.

Police Chief Klein led the Pledge of Allegiance.

Present: Councilmember Blackwelder
Councilmember Hubler
Councilmember Wishon
Mayor Pendergrass

Absent: Vice Mayor Kline

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. The additional written communications distributed to the City Council this evening included a letter from the City of Monterey regarding the preventative maintenance menu rates for auto repairs (item 5-G); and memo from City Attorney Heisinger on the Haddad issue in Closed Session (item 9-B).
- B. The floor was opened at 7:04 p.m., but there were no public oral communications. Mayor Pendergrass reported that the 40th anniversary barbecue was an overwhelming success. He gave special thanks on behalf of the City Council to Chief Klein, Mary Ann Kline, Michele Wishon, staff, and to Rick Brown and his family. The Mayor received many compliments on the food that was served.

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 #377, Hartzel Automotive (Auto Training Center/ Offices), 560 California Avenue
 - (2) CUP #399, Edgewater Center (Regional Commercial Center), Playa & California Avenues
 - (3) CDP #97-04, Monterey Bay Restaurant Equipment (Wholesale), 325 Elder Avenue
- B. There was no discussion of the May 16, 2000 Minutes.
- C. There was no discussion of the monthly Fort Ord Reuse Authority (FORA) report, May.
- D. Receipt of new Art Committee information, headed by Heinz Hubler.
- E. There was no discussion of the City **RESOLUTION Authorizing a Service Agreement Renewal with Pacific Municipal Consultants for Planning Services**. The PMC rates have not increased in a few years, and to become more at parity with rates they charge other agencies, the new hourly rates are as follows: senior associate \$70; senior planner \$65; associate planner \$60; assistant planner \$55; and administrative \$50. The contract is for an amount not to exceed \$40,000, but can be adjusted as warranted by increased activity within the Planning Department.
- F. There was no discussion of the City **RESOLUTION Authorizing Renewal of a Working Agreement with Gateway Industries for General Cleanup of Sand City**. This is the third contract year, and Gateway have agreed to the same conditions of approval for the same fee (not to exceed \$56,250).
- G. There was no discussion of the City **RESOLUTION Authorizing Renewal of the Agreement for Vehicle Maintenance and Fuel Services with the City of Monterey**. Starting July 1, 2000 the new rate for fiscal year 2000-01 will be \$55 per hour. A letter from the city of Monterey updating preventative maintenance menu rates was distributed this evening.

Motion to approve Consent Calendar was made by Councilmember Wishon, seconded by Councilmember Blackwelder. AYES: Council members Blackwelder, Hubler, Wishon, Pendergrass. NOES: None. ABSENT: Councilmember Kline. Motion carried.

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

No items.

AGENDA ITEM 7, OLD BUSINESS:

- A. Executive Director Morgan presented the Redevelopment Agency **RESOLUTION Extending the Exclusive Negotiating Agreement (ENA) with King Ventures for the McDonald Coastal Site**. A third extension is required in order to execute the DDA with King Ventures (see next agenda item). To accommodate this schedule, it is recommended that the ENA be extended to August 15, 2000 without any additional charges to King Ventures. The next COP bond payment on the McDonald coastal property is not due until October 1, 2000. [Mr. King was not present during this agenda item.]

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

[The agenda was taken out of sequence, waiting the arrival of John King and Dave Watson from King Ventures.]

- B. Progress report on DDA (Disposition & Development Agreement) negotiations with King Ventures and discussion on H.E.R.E. "labor peace" agreement proposal was presented by Agency Attorney Heisinger. An overview and history of the project was given by Mr. Heisinger. The next step (after the ENA) is to enter into a DDA and as property owners, the Redevelopment Agency can dictate to some degree, what kind of project the Agency desires on the McDonald site. The first draft of the DDA was distributed this week to King Ventures. There have been no meetings with staff and/or King Ventures on this draft. One issue raised in the DDA was to have a union operator in the hotel. H.E.R.E. is proposing a labor peace agreement on this issue.

Chairman Pendergrass said the Agency needs union help and political clout on this project, and to accommodate them we do intend to involve the HERE union, but with no specific language at this time. Agency member Blackwelder agrees with this approach. He wants this hotel to be managed professionally, and wants the Agency to work along these lines.

JOHN KING (Developer, King Ventures): He agrees that the hotel would be built with union labor. There are a litany of issues that will be involved in completing this DDA. King Ventures will bring in a management company to run the hotel and King Ventures will sign a "neutrality agreement" regarding future hotel and restaurant employees. The proposed management company has successfully managed the Highlands Inn for many years (a union hotel) as well as the SpinDrift Inn (non-union). They provide good wages and benefits with or without unions. The

decision on whether employees are union or not will be left to the employees. He needs to determine if this proposed agreement by HERE is really a neutrality agreement and his attorney's need to review it first.

LEONARD O'NEILL (H.E.R.E. Secretary/Treasurer): King Ventures does a good job. He applauds the City/Redevelopment Agency for considering a neutrality agreement. This is not a contract. They are requesting that the hotel operator be neutral if a union is organized by employees; and if a majority of employees sign up for a union that a neutral third party would come in to verify the voting. If there is over 50% voting for the union, then an agreement occurs between the union and the employer. HERE and King Ventures are currently in discussion with a project up north. They support the Sand City project. They support the proposed direction currently being proposed. He pledges HERE support at Coastal Commission meetings, as necessary. They are a practical organization and will work with the City on this project, but they will also do what is best for their union.

By consensus, the Agency members reaffirmed the negotiating team of Blackwelder and Pendergrass.

Motion to approve Section 6.2.7 (Hotel Operator) language into the DDA, as presented by the Agency Attorney in the May 31, 2000 letter, was made by Agency Chair Pendergrass, seconded by Agency member Wishon. AYES: Agency members Blackwelder, Hubler, Wishon, Pendergrass. NOES: None. ABSENT: Agency member Kline. Motion carried.

- C. City Administrator Morgan presented the City **RESOLUTION Adopting Amendment #1 to the Sand City Combined Budget for Fiscal Year 1999-2000**. The fiscal year 1999-2000 City/Redevelopment Agency Combined Budgets were reviewed with the Budget Committee on May 31 and June 1st. This Amendment #1 will include a number of minor adjustments to this fiscal year's revenues and expenditures. 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. The "Actual Costs" charts supplied in the agenda packet are tallied to the end of April 2000. There are two months more before the Actual Budget will be finalized for this fiscal year. The loan from the City to the Redevelopment Agency is not to exceed \$1,100,000 for this fiscal year. The City/Agency is still paying down bonds on the shopping center redevelopment costs. Mr. Morgan compared Revenues vs Expenditures.

Motion to approve City Resolution, by title only, was made by Councilmember Blackwelder, seconded by Councilmember Hubler. AYES: Councilmembers Blackwelder, Hubler,

Wishon, Pendergrass. NOES: None. ABSENT: Councilmember Kline. Motion carried.

- D. Executive Director Morgan presented the Redevelopment Agency **RESOLUTION Adopting Amendment #1 to the Sand City Combined Budget for Fiscal Year 1999-2000**, as discussed in agenda item 7-C.

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

- E. Progress report on the proposed lease renewal on a portion of the former Robinette property (APN 011-233-001, 002, 009 & 013) to Monterey Bay Concrete & Supply (David Grimsley) and Chris Dinner Heating & Sheetmetal was informational only. Legal notices for this agenda item ran June 3rd and will again on June 10th. This item will be considered for action at the June 20th meeting. The Council acknowledged that they received the report and there was no other discussion.
- F. Update on coastal projects was presented by Community Development Director Matarazzo. At the Santa Barbara meeting, the Coastal Commission will be approving a Memorandum of Understanding (MOU) with Watsonville regarding a future High School. With the assistance of Assembly member Keeley, this MOU was necessary because the proposed school site was an environmentally sensitive site. Mayor Pendergrass said a meeting with Assemblyman Keeley and State Senator McPherson will be scheduled in the future to help Sand City with coastal issues.
- G. Progress report on Public Works projects, City water project, and other Sand City development projects by City Engineer/Community Development Director. City Engineer Kulakow said the Ortiz contract will start this week by laying pipeline on Hickory. Proposition 116 grant funds run out the end of June and staff is ensuring there are no outstanding bills for the bicycle path. The City owes the Air District a bicycle count (also paid for by Prop 116) which will take place over one week.

7:33 PM Recess

7:48 PM Reconvene (to item 7-B)

AGENDA ITEM 8, NEW BUSINESS:

No items

AGENDA ITEM 9, CLOSED SESSION:


- A. City Council/Redevelopment Agency members adjourned to Closed Session at 8:20 pm to confer with legal counsel to consider initiating litigation, in accordance with §54956.9 of the Brown Act [continued from May 16, 2000 meeting]. The City Attorney gave a report on the Ghandour financial arrangements.
- B. City Council conferred with legal counsel to consider existing litigation by Lou & Martha Haddad v. California-American Water Company, Inc., State Water Resources Control Board, Case #M46808 in accordance with §54956.9 of the Brown Act. City Attorney Heisinger gave a status report on this issue.
- C. Readjourned to Open Session to report any action taken at conclusion of Closed Session in accordance with §54957.1 of the Brown Act.

Action on item 9-A was Council agreed to give direction to staff in concurrence with recommendations of the Council sub-committee.

No action was taken on item 9-B.

AGENDA ITEM 10, ADJOURNMENT:

- A. Motion to adjourn was made by Councilmember Hubler, seconded by Councilmember Wishon, to the regular City Council meeting on June 20, 2000, 7:00 pm. There was unanimous Council consensus to adjourn at 8:32 p.m.



Debra Taylor, City Clerk