

SOLANA BEACH CITY COUNCIL
REDEVELOPMENT AGENCY AND PUBLIC FINANCING AUTHORITY

JOINT **SPECIAL** MEETING

MINUTES

6:00 P.M.
THURSDAY, MARCH 10, 2011

CITY COUNCIL CHAMBERS
635 S. HIGHWAY 101,
SOLANA BEACH, CALIFORNIA

The City Council acts as the City of Solana Beach Redevelopment Agency and the Public Financing Authority.

CALL TO ORDER AND ROLL CALL:

Present: Heebner, Kellejian, Roberts, Nichols, and Campbell.

Absent: None.

Also Present: David Ott, City Manager
Johanna Canlas, City Attorney
Leticia Fallone, Deputy City Clerk
Angela Ivey, City Clerk
Dennis Coleman, Finance Director
Wende Protzman, Dir. Admin. Serv./Deputy City Mgr
Tina Christiansen, Community Dev. Dir.
Rich Whipple, Principal Planner
Mo Sammak, City Engineer/Public Works Dir.

Mayor Heebner called the meeting to order 6:00 p.m.

CLOSED SESSION REPORT: (when applicable)

Johanna Canlas, City Attorney, stated that there was no reportable action.

FLAG SALUTE:

Mayor Heebner led the flag salute.

APPROVAL OF AGENDA:

MOTION: Moved by Nichols and seconded by Kellejian. **Motion carried unanimously.**

PROCLAMATIONS:

1. Multiple Sclerosis

Mayor Heebner presented a proclamation to the National Multiple Sclerosis Society.

2. Sustainability Month

Mayor Heebner presented a proclamation for Sustainability Month members of the Clean and Green Committee.

PRESENTATIONS:

(Ceremonial items that do not contain in-depth discussion and no action/direction.)

1. North Transit District Mobility Study

Tom Leicherman, Chief of Bus Operations, North County Transit District (NCTD), presented a power point (on file) regarding the NCTD mobility plan. He stated that the plan was an update to their ten year strategic business plan for transit services, that it provided a strategy to improve bus services on the most heavily-traveled routes, the goals of the mobility plan, how the data for the plan was gathered, and that the overall findings were that a 10% increase in ridership would result after the third year of implementation. He reviewed the proposed changes to transit services in the City, the proposed time line for the plan implementation, how the public could provide comments on the plan, and that a formal public hearing would take place in April.

Council discussed how riders would have to use the MTS buses in order to get to the Veterans Administration Hospital, since services were cut to that area, that a separate fare was required for the MTS buses, that the flex service offered by NCTD cut the City service area in half at the I-5, that the service should be reviewed to include the entire City, and that the 308 bus service line should also be reviewed to enhance service to the east side of the City.

Mr. Leicherman stated that due to the lack of demand for the 308 bus line the

pick-up times were extended from 1/2 to an hour, that riders wishing to use the flex service should call the toll free number 1/2 hour prior to their desired pick-up time, that the current proposed fares for the program were only introductory and would later be reviewed, that NCTD would contract out transportation vehicles for the flex program due to cost and lack of NCTD vehicles, that the contracted vehicles would have identification on them, that the cost to have a dedicated NCTD vehicle would be cost prohibitive for the organization, that all of the vehicles would be inspected in advance, and that there would be an oversight program to monitor the vehicles.

ORAL COMMUNICATIONS:

This portion of the agenda provides an opportunity for members of the public to address the City Council on items relating to City business and not appearing on today's agenda by submitting a speaker slip (located on the back table) to the City Clerk. Comments relating to items on this evening's agenda are taken at the time the items are heard. Pursuant to the Brown Act, no action shall be taken by the City Council on public comment items. Council may refer items to the City Manager for placement on a future agenda. The maximum time allotted for each presentation is THREE MINUTES (SBMC 2.04.190). Please be aware of the timer light on the Council Dais.

COMMUNITY ANNOUNCEMENTS:

Council announced community activity.

COMMENTARY:

A. CONSENT CALENDAR: (Action Items) (A.1. - A.4.)

Items listed on the Consent Calendar are to be acted in a single action of the City Council unless pulled for discussion. Any member of the public may address the City Council on an item of concern by submitting to the City Clerk a speaker slip (located on the back table) before the Consent Calendar is addressed. Those items removed from the Consent Calendar by a member of the Council will be trailed to the end of the agenda, while Consent Calendar items removed by the public will be discussed immediately after approval of the Consent Calendar.

A.1. Waive the reading of Ordinances.

Recommendation: That the City Council

1. Approve waiving the text reading of ordinances on this agenda pursuant to Solana Beach Municipal Code Section 2.04.460.

MOTION: Moved by Nichols and seconded by Roberts. **Motion carried unanimously.**

A.2. Minutes of the City Council.

Recommendation: That the City Council

1. Approve the Minutes of the City Council Meetings held November 10, 17 & 18, 2010.

MOTION: Moved by Nichols and seconded by Roberts. **Motion carried unanimously.**

A.3. Register Of Demands. (File 0300-30)

Recommendation: That the City Council

1. Ratify the list of demands for January 29 - February 11, 2011.

MOTION: Moved by Nichols and seconded by Roberts. **Motion carried unanimously.**

A.4. Block Grant CDBG (Community Development Block Grant) and Home Investment Partnerships Programs Three-Year Cooperative Agreement and Certifications. (File 0400-10)

Recommendation: That the City Council

1. Adopt Resolution 2011-042 authorizing the Mayor, City Attorney and City Clerk to sign four sets of agreements and several certifications.

MOTION: Moved by Nichols and seconded by Roberts. **Motion carried unanimously.**

C. STAFF REPORTS: (C.1.)

Submit speaker slips to the City Clerk

C.1. Fiscal Year 2009-10 Comprehensive Annual Financial Report (CAFR). (File 0310-22)

Recommendation: That the City Council

1. Accept and file the City of Solana Beach Comprehensive Annual Financial Report (CAFR) for the fiscal year July 1, 2009 - June 30, 2010.
2. Accept and file the Statement of Auditing Standards (SAS) No. 115 Management Letter.
3. Accept and file the Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheets letter.
4. Accept and file the Independent Accountants' Letter disclosing on their responsibilities under U. S. Generally Accepted Accounting Standards SAS No. 114

David Ott, City Manager, introduced the item and stated that the new auditors had disagreed with the previous auditors regarding a valuation in the streets and roads account, that there was an artificial value of \$471 million dollars, and that a supplemental item was provided to Council regarding how the fire truck purchase would be recorded, due to a discrepancy in the prior budget.

Dennis Coleman, Finance Director, presented a powerpoint (on file). He stated that the changes to the audit included removing the value for the right of way that was recorded underneath the residential streets and roads account, that the net assets had been increased for the fire truck based on the purchase price minus one year of depreciation, that the auditors noted that the City had not recorded the purchase price of the truck when it was initially purchased, that the truck had a construction time of ten months at the time of purchase, that the City should have recorded the value of the pre-payment as construction in progress, reviewed the new assets of the City, and stated that the three letters generally supplied by the auditors would be brought back to Council at a later time.

Kenneth Pun, Caporicci and Larson, stated that the entire CAFR was reviewed, that the fire truck value was missing from the document and that some internal control issues were addressed.

Council and the Consultant discussed the internal control issues, the capital lease process not being recorded correctly in the past, and that the fire truck had not been recorded as a liability.

MOTION: Moved by Campbell and seconded by Roberts. **Motion carried unanimously.**

NOTE: The City Council shall not begin a new agenda item after 10:30 p.m. unless approved by a unanimous vote of all members present. (SBMC 2.04.070)

B. PUBLIC HEARINGS: (B.1. - B.2.)

This portion of the agenda provides citizens an opportunity to express their views on a specific issue as required by law after proper noticing by submitting a speaker slip (located on the back table) to the City Clerk. After considering all of the evidence, including written materials and oral testimony, the City Council must make a decision supported by findings and the findings must be supported by substantial evidence in the record. An applicant or designees for a private development/business project, for which the public hearing is being held, is allotted a total of fifteen minutes to speak, as per SBMC 2.04.210. A portion of the fifteen minutes may be saved to respond to those who speak in opposition. All other speakers have three minutes each. Please be aware of the timer light on the Council Dais.

B.1. Introduce (1st Reading) Ordinance 427 related to Affordable Housing and Adopt a Resolution establishing Affordable Housing Impact Fees. (File 0650-90)

Recommendation: That the City Council

1. Conduct the public hearing: Open the public hearing, Report Council disclosures, Receive public testimony, Close the public hearing.
2. Find the project exempt from CEQA under Guidelines 15061(b) (3).
3. Find that the proposed changes to SBMC Chapter 17.70 are consistent with the General Plan and would not be detrimental to the public interest, health, safety, convenience, or welfare of the City as required under SBMC Section 17.76.070.
4. Introduce Ordinance 427 amending Chapter 17.70.
5. Adopt Resolution 2011-040 establishing an Affordable Housing Impact Fee

David Ott, City Manager, introduced the item, reviewed the history, and stated that it was intended to address the economic study of affordable needs.

Tina Christiansen, Community Development Director, presented a powerpoint (on file), reviewed background, mandates and past rulings that have caused the City to review how it may provide for potential affordable housing, and introduced Paul Marra, Keyser Marston, to present a technical presentation of the study.

Paul Marra, Keyser Marston, consultant, presented a powerpoint (on file) which reviewed the objective and analysis of the study, that the main objective of the Nexus Study was to quantify the impact of affordable housing and consider estimated fees, and reviewed methodology for arriving at fees.

Johanna Canlas, City Attorney, continued the Staff powerpoint reviewing the comparisons of existing and proposed ordinances as well as proposed options. She stated that the current inclusion housing ordinance required all projects with 5 or more units to set aside 10% for for-sale and rental projects, the only difference between Option A & B was the amount of the % required to be set aside for for-sale market rate units, that the option available to rentals would be to pay an affordable housing impact fee and was not an in-lieu fee, that Solana Beach would be the first city in the region embarking on this but not the first in the state which included Santa Monica, Nappa, Fremont, and Hayward. She said that an alternative for rentals would be to ask for direct financial assistance from the City or enter in an agreement with the City. She stated that the City did receive a letter from the BIA stating that this was new, that it was not new and that San Francisco, San Marcos, and Vista among others, all had ordinances that distinguished between density bonus and those required under inclusion housing units. She reviewed the percentages of other cities, that these cities had produced affordable housing under various ordinances, that the current ordinance did not provide incentives such as the new ordinance, and that a requirement to enter in an affordable housing plan with the City.

Council, Staff and Consultant discussion ensued regarding a housing account that would be created that then the City would use to create affordable housing but that they would have a choice to also enter into an agreement with the City or ask the City to provide financial assistance and the fee may be waived. Discussion continued regarding applicant's requirement to submit a design standard, that this would be separate and independent of density bonus, which were under state law, whether an incentive could not include certain development standards, whether prototypes could be a criteria, that his recommendation was to adopt a uniform fee regardless of type, to consider increasing the site spacing since the City was so small, that a blue folder item stated that the fee was flawed but did not specify what the flaw was, that studies have not been challenged in court and not been found invalid, that one challenge of a past study was challenged by BIA in 1990s and the fee was upheld, that this was the industry standard for a nexus study, and that the City of Santa Monica's impact fee was challenged and upheld.

Doug Harwood said that he lived in Rancho Santa Fe, and said that a letter from HCD (Housing Corporation Development), stated that inclusionary housing should be included regardless of whether it qualifies for state density bonus, that the City was drafting an ordinance inconsistent with the housing community, and that it was designed to defeat the production of housing.

Johanna Canlas, City Attorney, stated that the HCD opinion was included in the staff report, that she and special counsel, Barb Kautz, disagreed and were unaware of any court decisions to support the HCD position in this case, and that there was compelling history in favor of the position that the bonus density law did not preempt local inclusionary requirements.

MOTION: Moved by Roberts and seconded by Campbell to close the public hearing. **Motion carried unanimously.**

Council announced disclosures.

Council and Staff discussion continued that this proposal was a step in the right direction, that the City would like the developer to build it rather than take funds and the City build taking on ongoing responsibility, that if developers could not include affordable housing in their project that they should find an alternative spot to build it, that the court had not agreed to give cities the ability to require developers to do the building themselves but had allowed cities to create a mechanism in order to mitigate for it, that the City was mandated to create its fair share of housing, and that the fee would often be less than the cost.

Council discussion ensued regarding the need to find a balance and to make it not too cost prohibitive to build in Solana Beach, to consider choosing fees that minimize the potential legal challenges for the cost purpose, that there were no time constraint to use the funds but that there were obligations within the Housing Element cycle to report and make progress, that there not been opposition shared with the City from residents or local businesses, that this may be the right balance, that going too far in one direction may cause the City problems, to give the Staff the ability to work with developers to make the goal work, and that the City needed to move forward.

Council and Staff continued discussion regarding that the compromise presented was a good one, whether incentives should be limited, to encourage the facilitation of the process, that requiring certain design standards may depend on the project, and that it was a Council decision.

Council and Staff discussed that intent to give Council an open ended draft providing Council discretion, that to provide offsite affordable housing it would only be for For-Sale for applicants, support for the recommendation to prefer the

onsite units rather than alternate sites so that they were not distinguishable from the intentional project.

Councilmember Roberts made a motion choosing Option B, 15% @ 25.28, change the one mile to anywhere within the City's jurisdiction.

MOTION: Moved by Roberts and seconded by Kellejian to choose Option B, utilizing 15% (average \$25.28), and removing the distance requirement for offsite units allowing units to be built anywhere within the City's jurisdiction. **Motion carried unanimously.**

Mayor Heebner recessed the meeting at 8:10 p.m. for a break and reconvened at 8:18 p.m.

B.2. SANDAG'S 2010 Regional Transportation Improvement Program Amendment. (File 0840-30)

Recommendation: That the City Council

1. Conduct the Public Hearing: Open the public hearing, Report Council disclosures, Receive public testimony, Close the public hearing.
2. Adopt Resolution 2011-034 approving the Amendment to add five projects and increase funding of one project to the 2010 Regional Transportation Improvement Program (RTIP).

David Ott, City Manager, introduced the item, stating that the plan is required to qualify for Transnet funding and that it was being presented for some amendments to the plan.

Mo Sammak, Director of Engineering/Public Work, presented a powerpoint presentation (on file) and stated that SANDAG was required to review their RRTIP plan every two years, that the City proposed adding items to the plan, reviewed the list of proposed additions including traffic calming, pavement management, intersection improvements, software updates, and increase of funds to the Highway 101 Streetscape project.

Council and Staff discussion ensued regarding updates of an intersection with the consideration of headlights aiming into homes at a stop sign, updates based on concerns about safety and building a guardrail, that preliminary draft lines would be coming to Council so the estimates were still preliminary at this time, safety for pedestrians, whether one area needed to be fixed rather than just adding a sidewalk and appropriate striping, that this amendment did not require the

spending of these funds but would give the ability.

Mayor Heebner opened the public hearing.

MOTION: Moved by Roberts and seconded by Nichols to close the public hearing. **Motion carried unanimously.**

MOTION: Moved by Roberts and seconded by Kellejian. **Motion carried unanimously.**

C. STAFF REPORTS: Continued (C.2. - C.5.)

Submit speaker slips to the City Clerk

C.2. Development Review Permit (DRP) and Structure Development Permit (SDP) Lifestyles Extension Request for 903-993 Lomas Santa Fe, Applicant: American Assets, Case No. 17-05-29. (File 0600-40)

Recommendation: That the City Council

1. Approve the request for an extension to set a final expiration date of April 22, 2012 for the approval of 17-05-29 DRP/SDP for the demolition of 19,787 square feet of retail/restaurant/office and construct 65,300 square feet of commercial/retail/restaurant, a two-level subterranean parking structure and surface parking at 903-993 Lomas Santa Fe Drive.

Councilmember Nichols recused himself due the applicant having a contractual relationship with his employer.

David Ott, City Manager, introduced the item, and stated that the applicant had received approval was now requesting a one-year extension.

Greg Hueners, Associate Planner, presented a powerpoint (on file) reviewing the project previously approved and that applicant's request for a one-year extension.

MOTION: Moved by Campbell and seconded by Roberts. **Motion carried 4/0/1** (Recuse: Nichols.)

C.3. Reimbursement Agreement with Santa Fe Irrigation District. (File 0400-10)

Recommendation: That the City Council

1. Adopt Resolution 2011-036 authorizing the City Manager to sign an agreement with Santa Fe Irrigation District for reconstruction of a storm drain system on Highland Avenue near Avocado Place.

David Ott, City Manager, introduced the item and stated that Santa Fe Irrigation District (SFID) was currently replacing some existing water lines in the City.

Mo Sammak, Director of Public Works /Engineering, presented a powepoint (on file). He stated that SFID was currently working on their Group 1 Pressure Reducing Station and Valve Replacement Project, that the project included replacing a valve on top of a City storm drain on Highland Dr., and that they offered to partially replace the storm drain. He stated that the City's assessment determined that the storm drain was deteriorating and required full replacement so SDIF agreed to replace and realign the drain at a total cost of \$65,00 of which the City would pay \$20,000, and that these funds were available in the storm drain master plan budget.

MOTION: Moved by Roberts and seconded by Kellejian. **Motion carried unanimously.**

C.4. Fletcher Cove Park Artwall. (File 0400-10)

Recommendation: That the City Council

1. Adopt Resolution 2011-043:
 - a. Authorizing the combined expenditure of \$21,100 for three contracts required to construct a new decorative art wall at the northeast corner of Fletcher Cove Park near the Sierra Avenue/Pacific Avenue intersection and \$2,200 for donor tiles for repair to the Fletcher Cove Park boardwalk.
 - b. Authorizing the City Manager to execute a contract for the artist component of the work with Betsy Shultz of A Design Garden in the amount of \$17,000.
 - c. Appropriating into the project's revenue and expenditure accounts for the Fletcher Cove Community Center as follows:
 - i. \$23,300 for the art wall and installation and sale of donor tiles
 - ii. The amount of tile sales in excess of \$23,300
 - d. Appropriating into the project's revenue and expenditure accounts for the Fletcher Cove Community Center the \$25,000 donation received from Peter House and Carol

Childs at the February 23, 2011 Council meeting.

2. Discuss and set criteria for donor tile inscription and provide direction for the current project.

David Ott, City Manager, introduced the item.

Mo Sammak, Director of Engineering/Public Works, presented a powerpoint (on file) and stated that Staff was seeking authorization to award a contract to an artist for creation of an art wall including the additions of named tiles, that the design included colored concrete and designs that matched the existing walls in the park, that the artist Betsy Schultz could accommodate donor 40-50 tiles, that donor tiles had been calculated to accommodate savings, and that there would be some storm drain system repairs.

Council and Staff discussed the tile initiative and that the City would be taking all requests for the donor tiles, that the public should contact City Hall if they were interested in purchasing donor tiles, making the names on the tiles large enough to read, and the design layout in the area where existing walls and pipe existed.

Council and Staff discussion ensued regarding the existing wall containin a current crack that would be repaired, that there were many missed participants when the last wall of donor tiles was constructed, that the tiles would be \$500 each, and prioritizing interested parties based on whether one already had a donor tile at the park.

MOTION: Moved by Nichols and seconded by Kellejian. **Motion carried unanimously.**

C.5. 22nd District Agricultural Association Community Relations Committee Update on Discussions with the City of Del Mar regarding the Sale of the Del Mar Fairgrounds. (File 0150-85)

Recommendation: That the City Council

1. Discuss the item and provide direction to the 22nd District Agricultural Association Community Relations Ad Hoc Committee as necessary.

David Ott, City Manager, introduced the item and reviewed recent events.

Mayor Heebner said that they met with staff of Congressman Bilbray's office. She passed out a copy of a powerpoint (on file) presented by the City of Del Mar from March 9th and said that Del Mar had reviewed their shortcoming of the current

governance structure, they laid out their goals and showed them to be the same as Solana Beach, and briefly reviewed the model of a public indenture trust and said that it would be an enforceable trust. She said that it was clear that they were going to establish a non-profit for the fairgrounds and non-racing activities, that the board would report to the City of Del Mar, that the race people would lease from the City of Del Mar, that the independent non-profit would be made up of 9 members, including San Diego, Del mar, Solana Beach, and three rotating seats, and that the meeting broke out into 6 tables and then everyone reported out.

David Ott, City Manager, stated that this was the first time they had engaged their community, that there was a lot of emphasis on the financing plan but that there were no specif answers provided, and that one report was to take the issue to a public vote.

Council and Staff discussed some other recent meetings Del Mar had with its resident and that there was mention of the surprise that the City would be paying from the general fund for the property so they had a belief that this would be paid from taxpayer dollars but that their attorney responded that it was not true.

David Ott, City Manager, stated that he wanted to report that he had met with the Fairgrounds and consultants regarding a series of questions and requested material.

WORKPLAN COMMENTS:

(Adopted June 23, 2010)

Council discussed being approached by citizens regarding the Beach and Tennis Club parking lot containing pot-holes, to consider assessing it on the Workplan, and whether there might be the potential for a pocket park at this location.

COMPENSATION & REIMBURSEMENT DISCLOSURE:

GC: Article 2.3. Compensation: 53232.3. (a) ? Reimbursable expenses shall include, but not be limited to, meals, lodging, and travel. 53232.3 (d) Members of a legislative body shall provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

Councilmember Roberts stated that the City funded his attendance at the CPRS luncheon.

COUNCIL COMMITTEE REPORTS:

Council reported committee activity.

Regional Committees: (outside agencies, appointed by this Council)

- a. City Selection Committee - Roberts (meets twice a year).
- b. County Service Area 17 - Campbell, Nichols (alternate).
- c. Escondido Creek Watershed Authority - Nichols, Roberts (alternate).
- d. League of Ca. Cities' San Diego County Executive Committee - Roberts, Kellejian (alternate) and any subcommittees.
- e. League of Ca. Cities' Local Legislative Committee - Roberts, Kellejian (alternate).
- f. League of Ca. Cities' Coastal Cities Issues Group (CCIG) - Kellejian, Roberts (alternate).
- g. North County Dispatch JPA - Nichols, Campbell (alternate).
- h. North County Transit District - Roberts, Heebner (alternate).
- i. Regional Solid Waste Association (RSWA) - Nichols, Kellejian (alternate).
- j. SANDAG - Heebner (Primary), Roberts (1st alternate), Nichols (2nd alternate) and any subcommittees.
- k. SANDAG Shoreline Preservation Committee - Kellejian, Roberts (alternate).
- l. San Dieguito River Valley JPA - Roberts, Nichols (alternate).
- m. San Elijo JPA - Campbell, Roberts (both primary members) (no alternates).
- n. 22nd Agricultural District Association Community Relations Committee - Heebner, Roberts.

Standing Committees: (All Primary Members) (Permanent Committees)

- a. Business Liaison Committee - Roberts, Campbell.
- b. Highway 101 / Cedros Ave. Development Committee - Nichols, Heebner.
- c. I-5 Construction Committee - Heebner, Roberts.
- d. Public Arts Committee - Roberts, Nichols.
- e. School Relations Committee - Roberts, Campbell.
- f. Parks and Recreation Committee - Heebner, Nichols

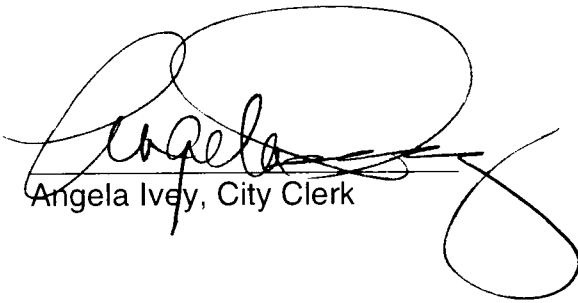
Ad Hoc Committees: (All Primary Members) (Temporary Committees)

- a. Army Corps of Engineers & Regional Beach Nourishment - Kellejian, Campbell. Expires December 7, 2011.
- b. City's 25th Anniversary - Heebner, Kellejian. Expires July 13, 2011.
- c. Development Review - Nichols, Heebner. Expires November 16, 2011.
- d. Environmental Sustainability - Roberts, Heebner. Expires December 7, 2011.

- e. Fire Department Management Governance-Kellejian,Roberts. Expires July 13, 2011.
- f. Fletcher Cove - Campbell, Heebner. Expires November 16, 2011.
- g. General Plan - Campbell, Nichols. Expires July 13, 2011.
- h. La Colonia Park - Nichols, Heebner. Expires May 11, 2011.
- i. Local Coastal Plan Ad-Hoc Committee - Roberts, Campbell. Expires February 8, 2012 or at the California Coastal Commission adoption.
- j. NCTD / Train Station Site Project Ad Hoc Committee - Heebner, Nichols. Expires January 11, 2012
- k. View Assessment - Nichols, Heebner. Expires August 22, 2011

ADJOURN:

Mayor Heebner adjourned the meeting at 9:50 p.m. in memory of Candice Marie Porter.



Angela Ivey, City Clerk

Approved: May 25, 2011