

**MINUTES OF A  
REGULAR MEETING OF THE  
CITY COUNCIL OF THE  
CITY OF CORONADO  
Coronado City Hall  
1825 Strand Way  
Coronado, CA 92118  
Tuesday, December 4, 2007**

Mayor Smisek called the meeting to order at 3:05 p.m.

**1. ROLL CALL:**

**Present:** Councilmembers Downey, Monroe, Ovrom, Tanaka and  
Mayor Smisek

**Absent:** None

**Also Present:** City Manager Mark Ochendusko  
City Attorney Morgan Foley  
City Clerk Linda Hascup

**2. INVOCATION AND PLEDGE OF ALLEGIANCE.** Chuck Howe provided the invocation and Mayor Smisek led the Pledge of Allegiance.

**3. MINUTES:** Approval of the minutes of the Regular Meeting of November 20, 2007, were approved as submitted. The reading of the minutes in their entirety was unanimously waived.

**MSUC** (Downey/Tanaka) moved that the City Council approve minutes of the Regular Meeting of November 20, 2007, a copy having been provided Council prior to the meeting, as submitted.

**AYES:** Downey, Monroe, Tanaka and Smisek  
**NAYS:** None  
**ABSTAINING:** Ovrom  
**ABSENT:** None

**4. CEREMONIAL PRESENTATIONS:**

**4a. Proclamation: Coronado High School Men's Water Polo Team Month.**

Mayor Smisek presented the proclamation to the players and coaches from the Coronado High School Water Polo team for their spectacular season and winning the CIF Championship.

**5. CONSENT CALENDAR:** The City Council approved, adopted and/or accepted as one item of business Consent Agenda Items 5a through 5c with the addition of Item 11b. Items 5e and 5d were removed from consent for separate discussion.

Councilmember Downey, speaking on Item 11b, thanked Scott Huth, City staff, and EDCO for moving forward with automated trash pickup and larger recycling containers. She informed everyone that this will help accomplish the City's goals to decrease the amount of trash that is created and to increase the amount of recycling that is done.

**MSUC (Downey/Monroe) moved that the City Council the Consent Calendar Items 5a through 5c with the addition of Item 11b - Consideration of a Proposal to Implement Automated Collection of Recycling Materials for Residential Customers.**

**AYES: Downey, Monroe, Ovrom, Tanaka and Smisek**

**NAYS: None**

**ABSENT: None**

**5a. Approval of Reading by Title and Waiver of Reading in Full of Ordinances on this Agenda.** The City Council waived the reading of the full text and approved the reading of the title only.

**5b. Approval of Warrants.** The City Council ratified payment of warrants Nos. 10061881 thru 10062121 audited and approved by the Audit Committee, provided there are sufficient funds on hand. **The City Council approved the warrants.**

**5c. Request from the Coronado Senior Center to Waive the Alcohol Prohibition to Allow Service of Beer and Wine at the Annual Holiday Party for a Facility Rental by the San Diego Downtown Breakfast Rotary Club on Wednesday Evening, December 19, 2007.**

In accordance with the Permit to Use City Building, the Coronado Senior Association is permitted to rent the Senior Center facility during hours when it is not being used for Senior Association programs and is otherwise closed for business. Facility renters sign a waiver of liability and furnish a certificate of liability insurance. Revenue from facility rentals provides a source of income for the Senior Association.

The San Diego Downtown Breakfast Rotary Club is requesting use of the Coronado Senior Center to hold their annual holiday party for approximately 50-60 attendees free of charge. The event will include a catered dinner served with wine and beer for those wishing to partake; the wine and beer will be provided by the Rotary Club at no cost. An ABC permit will not be required. There will be no minors in attendance at this event. In accordance with the Recreation Services Facility Use Fees and Policies, the San Diego Downtown Breakfast Rotary Club will

provide a security guard during the duration of their event. **The City Council waived the alcohol prohibition and allowed service of beer and wine for this facility use at the Coronado Senior Center.**

**5d. Authorization for Director of Administrative Services to Issue a Permit to DMZ Restaurants, Inc., for Use of City Property for Commercial Activity at 126 Orange Avenue.** Councilmember Tanaka commented that he likes outdoor dining as much as anyone, but it is a privilege that should be extended to a business with a thoughtful plan to improve and beautify the area where they intend to provide outdoor seating. This appears that the table and chairs are just thrown out there. It is also very close to the curb. Using Tent City as an example, Mr. Tanaka added that this shows how it is done well. Until there is more to the applicant's plans he will not support the request.

Mayor Smisek commented that this is an improvement over what was there before when there was a huge railing sticking out. He would like to give this a chance and if it doesn't work out, it can be changed.

Councilmember Downey asked if there was someone in the audience from the restaurant to explain the plan. Mayor Smisek responded that the pictures show tables and chairs without a railing.

Councilmember Monroe said that he understands Mr. Tanaka's point of view, but there are other places along Orange Avenue, such as at Cafe 1134, where there are just tables out. He could give his support because the building has been run down for some time. If this helps the business, he would really like to see them try it.

**MSC (Ovrom/Monroe) moved that the City Council authorized the Director of Administrative Services to issue the Permit.**

**AYES: Downey, Monroe, Ovrom and Smisek**  
**NAYS: Tanaka**  
**ABSENT: None**

**5e. Renewal of Agreement for Visitor Information Services with the Coronado Historical Association, Incorporated.** Councilmember Downey explained that she asked that this item be pulled from Consent because she is aware of several people who want to speak on the issue.

Mayor Smisek explained that the item was on consent because it is a standard agreement for services that meets the requirement of renewal without an RFP process. The City has a few five-year contracts of this type, the Golf Pro, Boathouse 1887, the food concessions at the Golf Course, and the Tennis Pro. Other smaller ones have more recently been put on consent if they continue to provide the same services for a one or two percent increase in cost. He feels that when there are no changes to the terms of the agreement the City could do longer term contracts with other organizations as well. Five years is the maximum that has been placed on the City due to a tax issue.

Liz Forsythe Lovell, 1032 Flora Avenue, said that CHA has been running the visitor center for six years. She said she has seen no maps or anything that indicates it is a visitor center as such. She commented that as contractor for the former visitor center for she wonders why the City is calling the current arrangement a visitor center. They are not allowed to market, advertise or promote tourism in Coronado. Other cities take vigorous roles to advertise to bring the tourists there. She alleged that the funding was to help the museum stay open. She said she is a business person in town who relies on tourism. She feels that the City Council's financial duty is to use TOT to bring tourism to Coronado to benefit businesses.

Chris Grant, 438 Pomona Avenue, said that she was involved in visitor promotion in Coronado from 1989 to 1997. She stated that if her math is correct the five-year agreement is for a total of \$1.8 Million and feels that it should not be on consent. Even though she fully supports the Museum, she feels that the money given to CHA should be called what it is, money to run the Museum. She understands that the City prefers to respond to visitors who are already here and not do marketing to bring anyone else to Coronado.

Doug St. Denis, 1504 Parkview Place, Vice President of CHA, spoke in favor of funding the Visitor Center. She believes that the partnership between CHA and the Visitor Center is perfect. Visitors come to Coronado because of the City's historic charm and nearly every visitor ends up on the 1100 block of Orange Avenue. Over 40,000 people went into the Visitor Center last year. CHA volunteers answer questions about the City's architecture, restaurants, businesses, beaches, hotels, shops and everything about Coronado. The week following the Diane Keaton book signing event at CHA, she had a call at home from a Visitor Center volunteer asking for the address of the Coronado historic house that was included in the book because a visitor wanted to see it. The CHA sponsored Art Walk brought people from the Coronado Landing, up along Orange Avenue, along Ocean Boulevard to Park Place. She volunteered to be a docent on the free bus. Along the way she told the story of Coronado and the Hotel Del and pointed out various spots of interest, including businesses. She did all this as a CHA volunteer.

Daphne Brown, 326 First Street, long time volunteer at the Visitor Center and Museum, thinks the CHA location is the optimal location for the Visitor Center. She has been to 21 different countries and has seen a lot of visitor centers. Coronado's crew is unbelievable, doing their best to help the visitors. People are referred to the City's website all the time. It is much more efficient than mailers. If someone else were to do this job, where would they have their office, and would they take along the fine volunteers that have been cultivated? She thinks the City has a wonderful thing going and doesn't think five years is too much of a commitment.

Mayor Smisek commented that he went through this five or six years ago when the City initially chose this venue. The decision was made in the late 1990s to go that visitor promotion and marketing is something that should be done by professionals, namely the hotels and the businesses that have budgets for marketing. The budget was cut in half, marketing was eliminated, and the focus was put on a visitor center tied together with CHA in their central location to help the visitors once they arrived in Coronado. MainStreet is also located there. The original plan was that the Chamber of Commerce would also be there, but there wasn't enough space. The synergy of all of these organizations together was to make the customer much happier and to have everything right at their fingertips and it has been very successful. Of note is that the Visitor Center received 2% less each year in the first five year agreement as an incentive for the City to get a good deal. Now the City will increase the amount by 2% so that by the end

of ten years the City will be almost at the same place it started. That is a pretty good financial deal for the City of Coronado, while the product has improved dramatically. He said that when the service was moved from the Visitor's Bureau, with a proposed budget of \$759,000, there was some hardship and some volunteers left initially. But, eventually many of those volunteers came back and there is a whole new cadre of volunteers. These volunteers are the real guts of this organization and the synergy between CHA, MainStreet, and the Chamber is also excellent. This is a visitor center that was intended specifically to help the tourists once they come to Coronado, rather than promote tourism through marketing. The City does not have to spend a lot of extra money to promote it. Mayor Smisek commented that tourism is the third rail of politics in Coronado. It is very important to Coronado, but he hasn't heard of too many people who run on a platform of promoting more tourism in Coronado. He is commented that if the First and Orange end of town is going downhill he would be shocked because that is where all of the building has been going on. That whole area, which used to be more of Coronado's industrial trade center, had to have a complete face lift and renovation to change its mission. He knows that the Visitor Center is making efforts to get down there, to talk to those people and to tie them more to uptown. He is encouraged in that respect. As far as financing the Museum, it is just like anyone else who has a business in town. The City saw an opportunity to take the Visitor Bureau off of a side street. They went through the whole process of looking at how much rent the City would pay, the salaries of the different people who would be involved in the Visitor Center, how much the City is paying now versus what it spent before, and the City is getting a far superior product.

Councilmember Downey thanked Mayor Smisek for opening up the discussion. She was unaware that the City was actually saving money and getting more than the City was getting before. She would be in favor of doing five year agreements with other organizations similarly. If there is some function that is not in this contract that the City may want to ask the Visitor Center to do, Ms. Downey encourages people to let the City know what that is. She added that she has found advertisements put in by CHA about their exhibits in national magazines. She thinks this is financially in the best interest of the City and the businesses to promote in this manner.

Councilmember Ovrom noticed a couple of recurring questions in emails he received that he would like the City Manager to address. One of them is about the City policy with regards to bidding service contracts; the other is the City's policy with regards to auditing service contracts.

City Manager Ochendusko explained that the question as to why the City isn't bidding this contract is a common misunderstanding. According to California State Law, the City is obligated to bid public works contracts over \$5,000. This is not a public works contract for construction, maintenance, etc. It is a contract for professional services which is completely different. Generally what cities in California do related to contracts for professional services is to identify a provider, then negotiate the scope of work and the cost of providing the service. Sometimes that is done through a Request for Proposals, which is a different process than putting out a bid package and awarding the contract to the lowest bidder. The negotiation takes place after the proposals are received. Sometimes there isn't an RFP. He believes that is more likely for a whole variety of professional service contracts, in Coronado and in other cities throughout the State of California. A bid is not required, nor is it commonly used for professional service contracts. This allows for specific tailoring of the services, or description of work, that the City is trying to obtain, particularly when the service has not been offered before. In this case, the

City has had a service provider for many years. The service provider is centrally located in the downtown area, is easily accessible to walk-in traffic, which is what the City is trying to attract, and has provided the infrastructure and personnel necessary to provide the service. It is reasonable to expect that a contract would be considered for renewal as opposed to some other means. Secondly, the City does not audit professional services contracts in the City of Coronado. Most cities also do not. The City does not audit the contract for MainStreet, the Chamber of Commerce, or architects who design buildings. What Coronado does is to identify a scope of work for services, agrees on a price, and then assures through service delivery that the services are actually provided. There is no audit but the City does assure that it gets the services it contracted for. In this instance of CHA providing Visitor Center services, they provide the City with quarterly and annual reports. Those reports are reviewed in relation to the contract to assure that the services are being provided.

Mayor Smisek added that the City Council assigns one of their members as their representative to each of these various organizations to participate and make sure the City's interests are kept in the light.

Councilmember Tanaka thinks it is important not to lose sight of the most obvious and central point, that it is a good idea for Coronado to combine Visitor Center services with the Historical Museum. He said even though he is not the most well traveled person, he recalls that when he has traveled he has stopped at visitor centers. Usually all you find are some maps and brochures - not very exciting. Coronado can give them something more than just maps and brochures; they can provide an eye into Coronado's history. As far as advertising and promotion, he agrees with Mayor Smisek and the decision made by a past City Council. Also, that spending thousands of dollars on services that may not be as good or as accessible is not a wise use of taxpayer money. He is sympathetic to what people are saying, but he is not convinced that will achieve the goal people are asking for. He would rather buy fire trucks or other things, or save the money. Every council member in the last ten to twenty years has run and won on fiscal conservancy. Mr. Tanaka thinks that the best time to go out for bid is when something is being started from scratch or when one isn't happy with a current service. There may be some merit to the discussion about whether five years is too long. He was happy to hear from Mayor Smisek that this isn't the City's only five-year contract. Mr. Tanaka's conclusion is that ultimately, this is a good deal for the City of Coronado.

Councilmember Monroe agreed with Mayor Smisek that what happens in the CHA building is synergistic, with each element contributing to the value and importance of the other elements. The economic phrase for that is positive externality. The whole is greater than the sum of the parts. He was not on the City Council when this happened, but he did play a role. He was on the Planning Commission at the time when Mayor Smisek and the City Council asked him to facilitate the Citizens Advisory Group. The question was about how much money the City should use to fund the Visitor Bureau and what should its future be. There were some divergent views within that group of citizens. Two people said there should be no public funding at all. Three people wanted to double the amount of funding that is given. Others were in the middle. Ultimately, they came to a consensus with a recommendation to change the mission and cut the funding in half over a five-year period. The City Council decided to cut the funding in half immediately. Mr. Monroe referred to Ms. Lovell's comments that the Visitor Center's mission does not reach the Ferry Landing. He noticed that in the current proposal they are looking to include the Ferry Landing in some type of outreach. He made a suggestion based on a nice

service he saw in Atlanta while attending a conference. There were people with vests that said, "Welcome to Atlanta. Ask me." He thinks it would be nice to have in Coronado some similar volunteers to greet people.

**MSUC (Monroe/Ovrom) moved that the City Council approve the agreement with the Coronado Historical Association, Incorporated for Visitor Information Services and authorize the City Manager to execute the agreement.**

Ms. Downey said she spends every minute she is in public answering questions about Coronado, especially near the Ferry Landing. With the changes at the Ferry Landing there may be a place where there could be a person such as suggested by Mr. Monroe. She would encourage and support a way to do that.

**AYES: Downey, Monroe, Ovrom, Tanaka and Smisek**  
**NAYS: None**  
**ABSENT: None**

**6. ORAL COMMUNICATIONS:**

- a. **Joe Ditler, Coronado Historical Association**, introduced new Visitor Center personnel, Becky Emerson and Mary Pack, who will be sharing the role of Visitor Center Manager. Ms. Emerson announced the volunteer appreciation lunch and the new Joy of Toys exhibit that is bringing in people. Ms. Pack spoke about the success of the visitor services, saying that people come in happy and leave happy.
- b. **Councilmember Monroe** announced that the City won an Orchid at the recent Orchids & Onions presentation he attended with Councilmember Tanaka. The Orchid Award recognized the Hubbel Fountain at the Glorietta Bay Civic Center and Promenade. Linda Stanton received the award on behalf of Coronado. He also mentioned that an onion was given to the 5/805 interchange, while an orchid was given to the San Diego State Transit Station.

**7. CITY MANAGER:**

- 7a. **Update on Council Directed Actions and Citizen Inquiries.** No report.

**8. PUBLIC HEARINGS:**

**8a. Public Hearing to Review Requests for 2007 Historic Preservation (Mills Act) Agreements for Properties Addressed as 1313 Tenth Street (HRPA 1-04 Smith) and 1015 Flora Avenue (HRPA 6-06 Messner).** Tony Pena, Director of Community Development, provided an outline of the staff report. He explained that there are two separate issues, approval of Mills Act contracts for the two homes listed, and the Commission's request to increase the annual cap by \$5,000. The Historic Resources Commission has spent quite a bit of time looking

at the program overall. He added that the two properties under consideration were placed on a priority list because they both fit under the \$10,000 cap, not necessarily because of the quality of the properties.

John O'Brien, 1140 Coronado Avenue and member of the Historic Resource Commission, began by stating that 114 houses have been designated historic in Coronado since the City adopted its Historic Ordinance in September 2000. 28 of those have received Mills Act agreements and there are another 27 houses waiting on the list. The HRC takes its job very seriously. They took the City Council's direction to heart and established criteria to value the houses on the list for the Mills Act going forward. That was taken into account beyond the next four houses. They also appreciate that the City has the special exception category. This is very important for special properties that deserve to be saved, or that are under duress and might be lost. The HRC would like the City Council to consider an annual increase from \$10,000 to \$15,000, an increase of 50%. The reasoning is that the assessed valuations, from when the Act was passed in 2000, have increased from \$3.1 billion to \$4.69 billion. Interestingly, that is a 50% increase. The HRC's approach would be to ask for the 50% increase to keep even with what is happening in Coronado. He agrees that \$5,000 is a reasonably large number, and the HRC appreciates the City Council's responsibility as stewards of the City and its finances, but the impact of \$5,000 to the City's annual revenue is less than 0.2 of 1%. The HRC respectfully requests that the City Council consider the additional increase going forward. Of the 27 houses in the queue, 2 are by Richard Requa, 3 by Gill & Hubbard and 1 by Cliff May. There are some very exciting houses and great representative properties of Coronado. The HRC would like to do its part to assist the City in making Coronado a better town.

Councilmember Downey referred to the houses Mr. O'Brien mentioned at the end of his presentation. She stated that the City does not have enough in the budget right now when one of those properties comes up, given the dollar amount they are worth. She asked if by raising the amount to \$15,000 those houses are going to be under the umbrella such that the City Council could approve them in a given year.

Mr. O'Brien responded that he is not sure what the additional \$5,000 will do for the City next year. It doesn't give another house this year, but it may allow the HRC to bring in another house or two. The HRC would really like to have a larger cap or no cap at all, but they are trying to take small steps.

Councilmember Monroe acknowledged that Mr. O'Brien is the person who took on the restoration of the plantation home on First Street. Mr. O'Brien added that there have been three others they have helped restore that are in the queue. He also recognized the other members of the Historic Resource Commission who were present at the meeting.

Mayor Smisek explained that the two issues would be voted on separately and opened the public hearing for the approval of the Historic Preservation (Mills Act) Agreements.

Greg Smith, 1313 Tenth Street, stated that his house is a Requa, a very nice house. He is about four weeks from moving out of the house so that Lorton Mitchell can do a major restoration of it as it has not been well cared for in the last 20 years.

Joe Ditler, Coronado Historical Association, commented that the HRC has so much passion and does a terrific job. He encouraged people to attend their meetings so they can better understand what they do.

Mayor Smisek closed the public hearing.

**MSUC (Downey/Ovrom) moved that the City Council authorize Mills Act agreements for 1313 Tenth Street and 1015 Flora Avenue.**

**AYES: Downey, Monroe, Ovrom, Tanaka and Smisek**

**NAYS: None**

**ABSENT: None**

The City Council went on to discuss the request for an increase of \$5,000 to the current \$10,000 cap. Mayor Smisek commented that the City Council increased the cap from \$5,000 to \$10,000 in August of 2004.

Councilmember Ovrom referred to the numbers on the lists of the homes waiting in the queue. The current cap of \$10,000 will cover roughly one per year and some don't make that. If the City wants to continue on a one per year basis, then the cap remains. If the City really wants to try to do something better than one per year, the Council should consider an increase.

Councilmember Tanaka said he is happy to support a motion to go to \$15,000, which would hopefully allow the next four older applications into the Mills Act program in two years. What is not easy is the way the City looks at the dollars in this. He thinks that people are losing sight of where the real money is. If this was about \$8,000 or \$15,000 it wouldn't be an issue and the hard thing is that the City Council has built a cap to protect the City against a big fiscal loss. He thinks that people are confused by what \$15,000 a year means. It is not the \$15,000 that the City Council is trying to protect. It is future lost revenue. The homes that enjoy Mills Act agreements represent homes that the City has permanently lost assessed valuation spikes on later. He thinks that managing the money is one of the main jobs of the City Council and one of its biggest responsibilities. He is never excited when other people try to fix built in escalators and spend money options. At some point the City might want to reconsider its methodology. He agrees with Mr. Ovrom's thought about how many homes the City wants to add per year.

Councilmember Monroe likes Mr. Tanaka's idea of looking at how many homes. These homes are essentially a small wedge out of the total properties in Coronado that are reselling, increasing in value, and bringing in additional property tax. He thinks that is part of the whole story. Another part of the whole story is the new project at the Del. That is going to affect the City in two very positive ways. There is a tremendous increase in property tax because of that addition to the Del, plus there is \$1+ million in TOT that will come in each year. He would like everyone to look at the whole pie. He strongly supports the idea of figuring out how many Mills Act properties there are going to be so the City can plan ahead.

Mayor Smisek thinks that has been talked about in the past. There is a cumulative effect and it is spanned out over the years. He said he is reluctant to increase the cap.

Councilmember Downey commented that she wonders how she has become such an historic preservationist in the three years she has served on the City Council. She brought up a third way to look at this. The City adopted the RSIP because the City told the residents that it didn't want bigger houses, it preferred smaller houses, and that residents should give up some of the value of their property so that the City can be what it wants to be. Now it is the City's turn to do the same thing. One of the easiest ways to keep the houses down to a manageable size is to sign these Mills Act agreements. This is a voluntary program for the property owners. That is what she likes. She doesn't like telling people that they can't build a bigger house on their property, but then to not sign an agreement as an incentive for someone who is willing maintain their smaller house on their property is counter-intuitive. She does agree that the City needs to look at the big picture. She wonders if there are some properties that are worthier that the City is more concerned about retaining. The City Council may have to ask the HRC to come up with a different way to prioritize these. Maybe that is the way to agree on a fiscal amount, whether it be a number of properties, a dollar amount, or the worthiness of the property.

**MS (Downey/Tanaka) moved that the City Council approve an increase in the annual Mills Act cap from \$10,000 to \$15,000.**

Mr. Tanaka thinks the City Council needs to have a different discussion about how it wants to plan the Mills Act. As long as it is looked at this way, there will always be a discussion of raising the cap. He feels that he was tasked with being conservative with the City's money. At some point the City Council needs to think about whether it wants to keep this methodology. He agrees that if people want to do this voluntarily, then why isn't the City coming up with a better way. There needs to be a discussion about what the City's comfort zone is. If the methodology isn't changed, these numbers will skew the discussion and the decisions may not be made for the right reasons.

Ms. Downey agrees that the City Council needs to come up with a new way to do this. She will support today's staff recommendation but she would like this to come back to figure out the best way to do this to solve what the City started when it came up with this plan.

Mr. Tanaka added that, because the City Council asked the HRC to constantly give advice and because they are advising the City Council to raise the cap, this is their opportunity to come up with a different strategy. He also warned them to be conservative in their approach because he doesn't want to add everything at once. He doesn't know what the right way is and he is willing to listen to some other approaches as to how to get these homes in. He also clarified that he does not think the Mills Act is an entitlement program. If someone has to wait ten years, that isn't the end of the world to him. The City just needs to have a system that it believes in.

Mayor Smisek said that looking at the numbers in the staff report it shows that in the year 2010 the City will have \$667,497 less in revenue coming in based on a \$10,000 cap. That will change significantly with an increased cap.

Mr. Ovrom feels responsible for starting this as a philosophical discussion. He doesn't feel comfortable deciding today and would recommend that this be put on a future agenda for mid-year review. This would give staff time to look at it and for the City Council to reflect on it so that they don't regret the action later.

Ms. Downey modified her motion to a request that staff brings back the request at midyear.

Mr. O'Brien explained that the City Council directed the HRC to develop a set of criteria to rank the houses as they come in. That set of criteria has been established. What has happened is that the cream has risen to the top. That means that the most deserving houses have been chosen under a very definitive set of criteria.

Mr. Monroe asked of the houses that apply for the Mills Act, what percentage are defined according to the criteria and told that they won't make the cut.

Mr. O'Brien explained that he doesn't have a figure, but as the HRC developed this new set of criteria, it reduces the motivation for someone whose home is not fully historic since they end up at the bottom of the list. It would be a long time, with any kind of cap, before they would see any benefit. Those houses that do meet the criteria are at the top of the list.

Mr. Monroe said he is looking for a list that will show this and future City Councils what number of houses the HRC believes will meet the criteria for Mills Act agreements.

Mr. O'Brien explained that the HRC is preparing such a list. He wanted the Council to know that they are being selective and more frequently are turning people down. There are houses that just do not make the cut. In addition, they to let applicants know that historic designation is one thing, but the Mills Act is a whole other game and application.

Mr. Tanaka thinks there is a short term and a long term that the City Council needs to think about. Most of what he has been seeing is long term. There needs to be a cap, but the methodology is not a good long term strategy. Long term the City Council will have the same discussion, year after year, time after time. Long term this needs to be changed. In the short term, he thinks the cap should be raised to \$15,000 to give the HRC time to operate under this current system while the City flushes out a better one. He does not agree with Mr. Ovrom that the City Council needs to wait and come back later. He thinks the City Council needs to deal with the list that exists. Mr. O'Brien was right when he said that the City Council told the HRC to come back with a priority list. Until the City comes up with a new strategy, a couple of homes a year can be added to the program using the cap idea. The City needs to do better and come up with a different way of looking at this so that the City Council and the HRC are more on the same page and have a better long term plan.

Ms. Downey stated that she would reject her amendment to the motion as proposed by Mr. Ovrom and go back to her original motion to approve the increase requested by the HRC to raise the cap from \$10,000 to \$15,000 per year, but will add the request that staff come back before the mid-year review to put this into the right fiscal perspective as to an alternate method of choosing a certain dollar amount per year the City Council will approve.

Mayor Smisek asked whether it is possible to grant Mills Act agreements for a partial dollar value.

Ann McCaull explained that the county tax assessor does allow the owner and a city to enter into an agreement on an agreed amount. That method can be used to reduce the impact on the city. It could also help to move along the agreements at a faster pace.

Mayor Smisek feels that is a smart way to look at this. He agrees with Mr. Ovrom's idea. The increase to \$15,000 will not enable another house to be done at this time. He thinks the City Council should look at it all in one fell swoop. The question has been asked, more information needs to be gathered, and it could be done in smaller bites. The City would have a chance to take a look at the annual projection on how they are doing with property tax. He feels it is a more professional approach to look at the whole picture and to have all the facts. Perhaps he could support it if it makes sense.

Mr. Monroe agrees with what Mr. Tanaka said about seeing how much the City loses in the future. But he prefers to say that he would like to see how much the City invests in the future through historic preservation. It is a city's investment; it is the kind of streets people like to walk; it is the kind of houses people like to see. The Council just discussed an issue of spending \$350,000 plus for the Visitor Center over the next five years. That is for people to come, spend their money, and go. Today's motion is to just go from \$10,000 to \$15,000. If after further review the numbers are changed, this is not a huge investment over the next few months. He will support the motion because it is the kind of investment that he wants to make in the Coronado of the future.

**MSC (Downey/Tanaka) moved that the City Council approve the increase requested by the HRC to raise the cap from \$10,000 to \$15,000 per year but will request that staff come back before the mid-year review.**

**AYES: Downey, Monroe and Tanaka**  
**NAYS: Ovrom, Smisek**  
**ABSENT: None**

**8b. Public Hearing to Consider a Mills Act Agreement for the Property Addressed as 1043 Ocean Boulevard (Spreckels Mansion) and a Request for a Special Exception to Exceed the Fiscal Cap Established for the 2007 Mills Act Program (HRPA 8-06 LaSalle Bank).** Tony Pena, Director of Community Development, outlined the information contained in the staff report. He explained that this item is related to an action taken by the City Council on November 21, 2006, when it agreed, in principal, to divide this property up in a manner of a mixed valuation. The property sold for \$12.75 million. The taxes the City would normally expect would be \$74,000. Because of the bifurcation of the property, the City would still receive \$40,000 in tax revenues and would forgo \$34,000. He believes the staff recommendation is consistent with Council's action from last year.

Councilmember Monroe asked what the tax was before the sale.

Mr. Pena responded that it was \$19,000. The City's share was \$11,000. Mr. Monroe commented that, even with this action, there will be an increase in what the City receives.

Mr. Tanaka commented that this is a better deal, financially, than what the City normally gets.

Mayor Smisek opened the public hearing.

Marie Lea, 427 C Avenue, San Diego, representing the owner of the property, has reviewed the records of the HRC in October 2006 and of the City Council in November 2006. She had excellent assistance from the City staff in understanding the process. She explained that the

entire parcel, including the front house and some structures on the rear of the property, has the historic designation. In this mixed valuation, the rear structures are not included in the Mills Act agreement, although they remain designated and have restrictions. The front house in the public view is the one that is included as the significant house. Her client understands this and is in agreement with the Mills Act agreement and the covenant.

Mayor Smisek closed the public hearing.

Mr. Monroe acknowledged that he has worked with Ms. Lea at SANDAG and the City of San Diego on the Bayshore Bikeway. On the historic preservation, she allied with them to fight SoHo. She is an expert in the field and does excellent work.

**MSUC (Monroe/Tanaka) moved that the City Council (1) enter into a Mills Act Agreement with the owner utilizing a Mixed Valuation methodology as established by the County Tax Assessors office where the restricted Mills Act value would apply only to the front dwelling addressed as 1043 Ocean Boulevard, and the remaining buildings and land would be valued by the Assessor's normal assessment methods; and (2) establish a minimum monthly income (rental value) of \$14,000 for the front dwelling to be used by the Assessor in calculating the restricted value of the front residence; (3) grant a special exception for the Mills Act Agreement which would exceed the City's annual fiscal cap for 2007; and, (4) recognize that this request would be treated independent of the other Mills Act Agreements waiting to be approved during 2007.**

**AYES: Downey, Monroe, Ovrom, Tanaka and Smisek  
NAYS: None  
ABSENT: None**

**8c. Public Hearing to Consider the Adoption of Resolutions (1) Certifying a Negative Declaration to Comply with the California Environmental Quality Act for the Revision of the General Plan Housing Element; and (2) Adopting an Amendment to the General Plan Revising the Housing Element (PC 1-07; IS 1-07; City of Coronado).** Tony Pena, Director of Community Development, provided the background information. He feels that staff is giving the City Council a well polished final draft document that is ready for adoption. Staff has spent the better part of two years going back and forth with the City Council, various commissions, SANDAG, and the State Housing and Community Development Agency. This has not been characteristic of Coronado when adopting a General Plan Element in the past, but is now necessary because the State has a lot of control and undue influence over the City and staff in its development. Staff has not added or recommended any policy or program; it is all driven by State policy, new State laws, and that were part of the previous housing element that was evaluated by the State HCD office that has authority here. He commended Councilmember Monroe who helped out at the Planning Commission level because it takes a lot to understand this type of element. He recognized Mike McLaughlin of Source Point, part of the SANDAG Corporation, as instrumental in putting this together. Mr. Pena said that the City Council is aware of the Housing Element and how it came to be, but he provided an outline on this for the public. He said the State recognizes housing as a top priority. The Housing Element is a

mandated part of the city's general plan. Without a full general plan a city cannot issue building permits, make land use decisions, and would be handicapped in many other ways. The State accomplishes this by adopting Housing Element law and secondary legislative requirements; they also work through the regional councils of government such as SANDAG. SANDAG is responsible for putting together a technical document called a Regional Housing Needs Assessment that, combined with the policies directed by the State, will point cities such as Coronado in a proper direction to provide a draft Housing Element up for adoption. Once the Housing Needs Assessment is completed, based upon the most recent census, in this case the 2000 census, they turn the information over to the city staff. Most cities hire consultants to assist with this, as did Coronado. The city then looks at the Needs Assessment and at the numbers provided through SANDAG. It was in this effort that Mr. Monroe was very helpful at SANDAG in getting the numbers reduced as much as possible to make it more achievable for Coronado given the amount of growth that is expected. The City then looks at the capacity built into the City's General Plan and Zoning Ordinances to show the capacity for growth. Once Coronado convinces the State HCD that it has the capacity, it has to show them that there are no undue constraints to achieving the density. Coronado identified, to the satisfaction of HCD, that there were no undue constraints placed on properties by the City. All of that goes into one document called the Housing Element. The State is not necessarily totally oriented to the provision of low income housing. It is housing all across the spectrum. In Coronado the housing is weighted toward the higher end and there is encouragement to provide lower income housing. At the Planning Commission level, the Commissioners were interested in the City's CDA because the CDA is active in providing units either by purchasing in place units or developing new units such as the Senior Housing at Sixth and Orange. That is not directly related to the Housing Element. The Housing Element has never built anything. It is a guideline. It is a policy document that can be utilized to make decisions in the future for housing construction but it doesn't, by itself, have implementation value. The value lies with the State law governing the Redevelopment Agency where there is the 20% housing set aside that has to go to the provision of affordable housing. Mr. Pena said that the Director of Redevelopment and Housing, Rachel Hurst, was extremely helpful in explaining to the Planning Commission that, and that is where the City's success lies. The City can piggy back on those actions with the Housing Element by showing what was developed that without the Redevelopment Agency money, that would not occur.

Councilmember Monroe reiterated Mr. Pena's comment that this Housing Element does not build a single unit. It just shows that the City has the potential to build the numbers that are required. When this first went to Planning Commission they were upset with it. The City needs to participate in this process. It qualifies the City for discretionary funds awarded in grants from SANDAG. Originally when this came down from the State there were a number of proposals that were generated from SANDAG. He complimented City staff because some of the original numbers were higher than the ones Coronado ended up looking at. Ed Kleeman's interaction with the SANDAG staff was acknowledged to him and it helped Coronado a lot. SANDAG got a set of four different proposals between low/low, low, moderate, and slightly above moderate in how many units had to be done. The number of units didn't change, but the City ended up in the final vote carrying the day and getting less low/low income requirement from the other proposals and more slightly above moderate. There are a couple of breaks the City Council should be aware of. This has just looked at the potential in the R-4 area. The potential in the R-3 area hasn't been looked at yet. This will provide something in the bank for the future. The other break was that Coronado got credit for some of the Navy housing. He complimented staff on their efforts with SANDAG.

Councilmember Downey commented that sometimes the tables that were referenced weren't the right tables. She asked that, before anything is sent out, staff confirm that the table references are correct. She also clarified for the record that Coronado has a very loud and clear voice at SANDAG between Mr. Monroe and herself.

Mayor Smisek opened the public hearing and seeing no one wishing to speak on the item, the public hearing was closed.

**MSUC (Downey/Monroe) moved that the City Council adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO, CALIFORNIA, TO ADOPT A NEGATIVE DECLARATION OF ENVIRONMENTAL IMPACT FOR THE ADOPTION OF A REVISED GENERAL PLAN HOUSING ELEMENT and A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO, CALIFORNIA, TO ADOPT A REVISED GENERAL PLAN HOUSING ELEMENT. The Resolutions were read by Title, the reading in their entirety unanimously waived and adopted by Council as RESOLUTION NO. 8260 and RESOLUTION NO. 8261.**

Councilmember Tanaka thanked staff for working so hard on this because they made it possible for him to accept. This is just another example of how this isn't about Coronado's vision as a city but about what the State thinks Coronado's vision should be. He is proud of the work that staff has done to make this work for Coronado, also to consider Coronado's sensibilities and what its real needs are. It is his worry that this document could come back and bite the City later. He doesn't think anyone on the City Council runs on making Coronado denser and he doesn't want to do anything that would encourage that. He knows the City must adopt the Housing Element but he is not going to close his eyes later. He thinks the City needs to be prepared to fight these types of State mandates and to let the State know how unhappy Coronado is at their one size fits all approach. Sometimes there are reasons for an exception.

**AYES: Downey, Monroe, Ovrom, Tanaka and Smisek**

**NAYS: None**

**ABSENT: None**

**8d. Public Hearing: Adoption of Resolutions Repealing the General Plan Public Building Element and Adopting a General Plan Public Facilities Element (PC 18-07; PC 19-07; City of Coronado).** Tony Pena, Director of Community Development explained that the City's Public Building Element is significantly out of date. It shows locations for buildings that don't exist any more and doesn't show locations where buildings do exist. This is an important document and a major correction to the General Plan to make it viable and legal. Its importance is that it provides credibility, even though it is only a reference document. The maps in the current version of this document, although correct, are old and difficult to read, but it is staff's intent to replace the maps using the GIS system as soon as possible.

Mayor Smisek opened the public hearing and seeing no one wishing to speak on the item, the public hearing was closed.

**MSUC** (Ovrom/Downey) moved that the City Council adopt A RESOLUTION OF THE CITY OF CORONADO TO REPEAL THE GENERAL PLAN PUBLIC BUILDINGS ELEMENT AND ADOPT A GENERAL PLAN PUBLIC FACILITIES ELEMENT TO REPLACE THE REPEALED ELEMENT. The Resolution was read by Title, the reading in its entirety unanimously waived and adopted by Council as RESOLUTION NO. 8262.

**AYES:** Downey, Monroe, Ovrom, Tanaka and Smisek  
**NAYS:** None  
**ABSENT:** None

**8e. First Reading for the Introduction of an Ordinance Amending City of Coronado Municipal Code Title 61, Storm Water Runoff System Management and Discharge Control, Including Chapter 61.04, Storm Water Sewer System, Chapter 61.08, Discharge Regulations and Requirements, Chapter 61.10, Standard Urban Storm Water Mitigation Plan, and Chapter 61.12, Inspection and Enforcement, to Comply with the Requirements of Regional Water Quality Control Board (RWQCB) Order No. R9-2007-0001, Issued January 24, 2007.** Scott Huth, Director of Public Services advised that the customers who will be affected by this change are the larger developments such as the Hotel Del, City projects if they exceed one acre, Coronado Yacht Club's redevelopment project, and any future restaurants that might be built in the Coronado. Most of the requirements won't affect the day to day development that takes place. There are a number of new reporting and monitoring requirements as well.

Mayor Smisek opened the public hearing and seeing no one wishing to speak on the item, the public hearing was closed.

Councilmember Downey commented that she thought the staff report was excellent.

**MSUC** (Downey/Monroe) moved that the City Council introduced AN ORDINANCE OF THE CITY OF CORONADO, CALIFORNIA, AMENDING CHAPTERS 61.04, 61.08, 61.10, AND 61.12 OF CORONADO MUNICIPAL CODE TITLE 61, STORMWATER AND URBAN RUNOFF MANAGEMENT AND DISCHARGE CONTROL TO MEET THE REQUIREMENTS OF THE RWQCB PERMIT NO. R9-2007-0001. The Ordinance was read by Title, the reading in its entirety unanimously waived and placed by the City Council on FIRST READING.

**AYES:** Downey, Monroe, Ovrom, Tanaka and Smisek  
**NAYS:** None  
**ABSENT:** None

9. **ADMINISTRATIVE HEARINGS:** None.

10. **COMMISSION AND COMMITTEE REPORTS:**

10a. **Report from the Port Commissioner Concerning Port Activities.** No report.

11. **CITY COUNCIL BUSINESS:**

11a. **Council Reports on Inter-Agency Committee and Board Assignments.**

**Councilmember Downey** attended her first Energy Working Group meeting for SANDAG and they will start looking at incorporating some law student volunteers to help the group look at getting more actively involved with helping those in Sacramento and San Francisco hear what the San Diego region and elected officials think about some of the proposals that come down that affect the region. The EWG believes they were tasked with coming up with a recommendation on whether or not SANDAG should come out in support or opposed to the SDG&E Power Link. It was not up for a vote but she encouraged EWG to look at its function and its role, which is to establish an energy working plan and the Energy Action Plan Update for the San Diego region as opposed to getting involved in specific items.

**Councilmember Ovrom** attended the San Diego MAC Board of Directors meeting, met with Susan Davis at her meeting at the park, met with affordable housing representatives and members of the Design Review Commission to review their proposals, attended the Tunnel Commission meeting, joined the City Tunnel Action Group with Mayor Smisek, briefly attended the CCHOA meeting before coming to the affordable senior housing opening, attended the CHA open house with Mayor Smisek who cut the ribbon for the new exhibit, attended the special Council meeting yesterday, and attended a South County EDC meeting with Supervisor Cox providing the speech of the day.

**Councilmember Tanaka** attended the opening of the Affordable Senior Housing with rest of the City Council, met with Todd Stands, the artist working on the marina art, on the appropriateness of the images for that area. He attended the Orchids and Onions Awards with Councilmember Monroe, Peter Fait, Doug and Dale St. Denis, and Jim Hubbel, and attended the special meeting with Ben and Jon Clay, the City's lobbyists.

**Councilmember Monroe** commented that Jim Hubbel was also recognized for the La Mesa park that received an Orchid. Glen Schmidt, who did a lot of design work on the Strand, was recognized with Orchids for two of his projects as well. He attended and briefed the Council that SANDAG is forming an active transportation campaign for additional bikeway monies. He attended with County Supervisor Greg Cox and Scott Peters, President of the San Diego City Council. He attended the Senior Affordable Housing Open House and a SANDAG Board meeting where they looked at the Regional Transportation Plan for the next five years. The State Attorney General came in the night before with an overdue letter that said that they hadn't looked at the carbon footprint of the plan with additional highways and additional cars and indicated that they should put more money into transit. He attended a meeting of the Borders

Committee where they focused on the Native Americans and in particular on what happened on the different reservations as a result of the fires. Ironically they were again evacuating people from a couple of the reservations because of mudslides. He attended the Orchid & Onion Awards, the special meeting with the City lobbyist, met with the carriage house review team where they put the final touches on the changes. They will have one more meeting and then will start the process of coming in to the Planning Commission and the City Council. He commented that whenever there is a large ordinance change like the RSIP, after it has been in effect for six to nine months there are little changes that still need to be made. Mr. Pena has recommended that, at their next meeting, they look at some minor changes to the RSIP that are clean up items. There is nothing controversial or substantial. John Swanson, Tony Pena, and Peter Fait will review it and suggest changes. He met with Liza Butler, Mr. Green, and Drew Schuck of Lincoln properties in Navy Housing. They are planning to put in a couple of structures on their side of the fence at the housing area. They know the City cares about the Strand and that the City doesn't like to see things just appear that it didn't know about. They also are very proud of the treatment that they gave to the roofs because they fit into the other buildings. The group loved what they are doing. They also went on a tour of the new housing that is down there and he was impressed. Navy housing has come a long way.

**Mayor Smisek** attended a the South Bay Mayors and City Managers luncheon in National City to discuss finances and responses to fires, the Human Resources Commission presentation by Carol Tessaccini on what they do and to improve participation, he spoke at the realtors' monthly breakfast to discuss City projects and initiatives, attended the Tunnel Action Committee strategy with the Navy regarding the SR 75 project, attended the Senior Affordable Housing Open House, went to the CHA new exhibit, attended the legislative update with Ben and Jonathon Clay, met with MainStreet where there was discussion about availability of their spaces at the Museum and Rotary Plaza progress, and met with Chamber representatives where the topic was the Visitor Center & CHA. They were supportive of the center staying there.

**11b. Consideration of a Proposal to Implement Automated Collection of Recycling Materials for Residential Customers.** Scott Huth, Director of Public Services, explained that the City has five months to educate the public as the City is looking to implement this in May. The majority of areas that will accommodate this will be right by the driveway apron. In the Cays, probably about 30% of the houses have small areas of curbing between driveways where cars can't park, so the majority of the educational campaign will be for those who are one the streets, not the alleys. People will be asked to put the carts in the curb line of their actual driveway apron. The truck will then be able to reach in and grab them. If a cart gets displaced, the driver can get out of the vehicle. **Under Consent, the City Council approved the proposal to implement automated collection of recycling materials for residential customers.**

**12. CITY ATTORNEY:** No report.

**13. COMMUNICATIONS - WRITTEN:** None.

The City Council recessed to closed session at 5:19 p.m.

**14. CLOSED SESSION:**

- a. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL –  
EXISTING LITIGATION**  
**AUTHORITY: Government Code §54956.9(a)**  
**NAME OF CASE: Steven R. Foley v. City of Coronado, et al.**  
**San Diego Superior Court (Case No. GIC 879075)**

The regular meeting resumed at 6:40 p.m.  
City Attorney Morgan Foley reported that no action was taken on the closed session item.

- 15. ADJOURNMENT:** The meeting was adjourned at 6:41 p.m.

Approved: December 18, 2007

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Tom Smisek, Mayor  
City of Coronado

Attest:

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Linda K. Hascup  
City Clerk