MINUTES OF A
REGULAR MEETING OF THE
CITY COUNCIL OF THE
CITY OF CORONADO
Police Facility – Emergency Operations Center
700 Orange Avenue
Coronado, CA 92118
Tuesday, March 2, 2004, 3:00 p.m.

Mayor Smisek called the meeting to order at 3:07 p.m.

1. ROLL CALL:

Present: Councilmembers Monroe, Schmidt, Tanaka, Tierney and Mayor Smisek

Absent: None

Also Present: City Manager Mark Ochenduszko
City Attorney Morgan Foley
City Clerk Diane Shea

2. INVOCATION AND PLEDGE OF ALLEGIANCE. Laurie Gold, Assistant Pastor of St. Paul's Methodist Church, gave the invocation and Mayor Smisek led the Pledge of Allegiance.

3. MINUTES: The minutes of the Regular Meeting of February 17, 2004, a copy having been provided Council prior to the meeting, were approved as submitted. The reading of the minutes in their entirety was unanimously waived.

MSUC (Schmidt/Tanaka) moved that the City Council approve the minutes of the Regular Meeting of February 17, 2004, as submitted

AYES: Monroe, Schmidt, Tanaka, Tierney and Smisek
NAYS: None
ABSENT: None

4. CEREMONIAL PRESENTATIONS: None.

5. **CONSENT CALENDAR:** The City Council approved, adopted and/or accepted as one item of business Consent Agenda Items 5a through 5e, and Items 11d and 11e.

MSUC **(Monroe/Schmidt) moved that the City Council approve the Consent Calendar Items 5a through 5e, and Item 11d –Discussion of Design Alternatives for the Transbay Force Main and Direction on Seeking Federal Funding and 11e – Appointment to Fill One Vacancy on the Coronado Street Tree Committee**

AYES: **Monroe, Schmidt, Tanaka, Tierney 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 waives the reading of the full text of every ordinance contained in this agenda and approves the reading of the ordinance title only. **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. 10034517 thru 10034785, as 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 Floral Association to Waive Alcohol Prohibition for a Wine and Cheese Reception at the Site of the Flower Show in Spreckels Park on Saturday Evening, April 17, 2004.** The Coronado Flower Show is an annual two-day event of significant importance, interest and participation in the community. The Coronado Floral Association sponsors this event partially with membership fees and admission charges to the Flower Show. They would like to include a wine and cheese reception in the tented area on Saturday evening, April 17, 2004 from 6:00 to 8:00 p.m., as part of their fundraising efforts. Approximately 150 invited guests would be in attendance. Alcoholic beverages will not be allowed out of the serving area, and the Floral Association will obtain any required licensing from Alcoholic Beverage Control. This will be the fourth consecutive year the wine and cheese reception has been held. No problems or issues have been reported in the past. **The City Council waived the alcohol prohibition and allowed the Floral Association to hold a wine and cheese reception for invited guests within the tented Flower Show area at Spreckels Park.**

5d. **Adoption of a Resolution Certifying the 2004 Apartment Vacancy Factor.** Apartment Complex Vacancy Survey forms are received in January/February of each year from property owners in association with the renewal of businesses licenses for those apartment complexes. The information contained in the survey forms is used to calculate an Apartment Vacancy Factor for the City.

The 2004 Apartment Vacancy Factor has been calculated at 1%. The City received a usable response of 1,003 of the approximately 1,608 apartment units in City. This response accounts for 62% of the apartment units in Coronado.

Since the 2004 apartment complex vacancy factor is less than five percent, applications for conversion of an apartment complex into a condominium complex during 2004 cannot be approved by the City Council in accordance with Subsection 82.40.100(F) of the Municipal Code (except for historically designated properties.) **The City Council adopted A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO ADOPTING 2004 CORONADO APARTMENT VACANCY FACTOR PURSUANT TO SUBSECTION 82.40.100(F) OF THE CORONADO MUNICIPAL CODE. The Resolution was read by Title, the reading in its entirety unanimously waived and adopted by Council as RESOLUTION NO. 7977.**

5e. Introduction of an Ordinance of the City of Coronado, California, Amending the Coronado Municipal Code to Make Administrative Revisions to the Code. As part of the Municipal Code republication project process, Code Publishing Inc., proofread and reviewed the content of the Code and identified certain clerical and administrative errors, differences in the code references, missing words, and other non-substantive errors. These discrepancies need correction prior to the publication. Changes proposed do not modify policy set by Council nor will they change any regulations. This type of ordinance is commonly called a "clean-up ordinance." It is frequently used by cities when a review of the code is performed and inconsistencies identified that require correction. **The City Council introduced AN ORDINANCE OF THE CITY OF CORONADO, CALIFORNIA, AMENDING THE CORONADO MUNICIPAL CODE TO MAKE MINOR CORRECTIONS AND TO REMEDY MINOR DISCREPANCIES IN THE CODE. The Ordinance was read by Title, the reading in its entirety unanimously waived and placed by the City Council on FIRST READING.**

6. ORAL COMMUNICATIONS:

a. Amy Conrad, Public Relations Director for Coronado Historical Association, commented on events CHA is involved in.

b. Director of Police Services Robert Hutton introduced Mark Stahl, the newly hired Animal Services Officer.

c. Mayor Smisek announced that the City signed a contract with PCL Construction, and construction has started on the new Glorietta Bay Civic Center and Promenade.

d. Councilmember Schmidt commented that she has received a number of phone calls saying that the microphones aren't working as well as they should for the cable coverage of the City Council meetings. She also commented that the Council has been contacted by Lambs' Players for Council participation in the annual Crown City Revue. They would like to have Council back in the show again**.**

e. Councilmember Tierney wanted to make sure that the public is aware that Time Warner is reducing its services in the community. He would like people from the community to stop by and or send a letter to them expressing displeasure in this reduction.

7. CITY MANAGER:

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

8. PUBLIC HEARINGS:

8a. Public Hearing: Consideration of Adoption of an Ordinance of the City of Coronado Amending Sections 86.56.155 and 86.56.170 of the Municipal Code Regarding Allowable Fence, Wall and Hedge Heights for Lots on Heavily Traveled Streets. Tony Pena, Director of Community Development, introduced this item. He explained that, at Council's direction, staff added some language to add about 500' of lineal street on the end of 3rd Street that will now go between B and A Avenues.

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

MSUC **(Tierney/Tanaka) moved that the City Council adopt AN ORDINANCE OF THE CITY OF CORONADO AMENDING SECTIONS 86.56.155 AND 86.56.170 OF THE MUNICIPAL CODE REGARDING ALLOWABLE FENCE, WALL AND HEDGE HEIGHTS FOR LOTS ON HEAVILY TRAVELED STREETS. The Ordinance, having been introduced on February 16, 2004, was read by Title, the reading in its entirety unanimously waived and adopted by Council as ORDINANCE NO. 1955 .**

AYES: Monroe, Schmidt, Tanaka, Tierney and Smisek
NAYS: None
ABSENT: None

8b. Request for an Amendment to a Previously Approved Special Use Permit and Parking Plan to Eliminate the Proposed Underground Parking Garage, to reduce the First Floor Commercial Square Footage from 6,865 to 4,000 Sq. Ft. and to Modify the Approved Orange Ave. Streetscape Plan for a Proposed 3 Story Mixed Use Project Consisting of 11 Residential Condominium Units Above Commercial/Retail Space and 32 Parking Spaces at 131-145 Orange Ave., in the C (Commercial) Zone (PC 2-02, Coronado City Views LLS). Tony Pena, Director of Community Development, explained that the Planning Commission and City Council approved the Special Use Permit for this project on May 14 and June 4, 2002. The Planning Commission heard a request to amend this development at its February 10 meeting and voted to not recommend approval to the City Council for the following reasons:

1) Elimination of the underground parking garage of 41 parking spaces.

2) Elimination of 2,865 sq. ft. of commercial/retail space from the ground floor (reduced from 6,865 to 4,000 sq. ft.) near the center of the property.

3) Elimination of 100% or 1,600 sq. ft. of tradesmen/contractor space from the rear of the property. (The tradesmen/contractor space was originally a condition of approval from the Planning Commission and City Council to mitigate the loss of floor area available for these types of uses in this neighborhood.)

4) Replacement of the previously designed 8 space on-grade parking lot and 4,465 sq. ft. of commercial spaces described above with a 32 space on-grade parking lot. (32 spaces satisfy the zoning ordinance requirements.)

5) Minor exterior design changes have been made to the alley 1st floor façade to remove the underground parking ramp opening.

6) A stairwell down to the previously designed underground parking garage at the north front corner of the Orange Avenue façade was removed and replaced with an additional store window and on-grade planter.

7) With the exception of the open center entry plaza the front facades have been moved out to the front property line adjoining the public sidewalk. (The original design showed the front façade setback 10-14 ft. with a trellis extending out to the front property line.)

8) As a condition of approval of the original design the owner was required to replace the sidewalk and streetscape improvements with a design and materials to match the Orange Avenue streetscape plan (recently improved from Ninth to Adella). The applicants proposed design at this time appears to be consistent with this plan with the exception of 6'x6' grass cut-outs within the sidewalk area adjoining the Orange Avenue curb. The grass cut-outs are separated from each other by 3' patterns of sidewalk to allow pedestrians a solid walking surface to parking meters and their cars. The grass areas are an option that will help the applicant comply with the City's recently approved Standard Urban Stormwater Mitigation Plan (SUSMP). The grass areas will be fitted with filter boxes which will treat runoff from the site and from the City sidewalk by allowing the water to percolate into these areas.

The streetscape plan has been supported by Engineering, Public Services and Design Review as a valid plan. Staff would like Council to take action separately from the SUP on the streetscape plan.

Jim Montgomery, 749 I Avenue, applicant, commented that demolition and grading of the project site has been completed. They anticipate starting construction soon in accordance with the approved SUP. However, at this time, they are before Council to request consideration for an amendment to that SUP for some changes which actually reduces the size and scope of the project. They feel it overall enhances the quality of the project. As staff had mentioned, they are requesting a reduction in the retail space from 6,900 sq. ft. to 4,000 sq. ft. and revise the parking to eliminate the underground parking and provide all the parking directly off the alley in the rear of the project. As the project is currently approved, all residential parking and a portion of the retail parking would be located underground and the remaining nine spaces for retail use would be on grade. That configuration totals 49 parking spaces and that is how the project is approved at this time. By reducing the retail by 4,000 sq. ft. they are able to reduce the total amount of parking spaces to 32 and accommodate all of these spaces directly off the alley. They feel that this is a more useable and more accessible use of the parking spaces without having to go down into the parking garage. The changes to the retail space provide a larger and more inviting entry plaza and fountain area in the front and the elimination of the underground parking actually allows them to provide all of the landscaping in real dirt and true soil as opposed to in planter boxes. The 4,000 sq. ft. of retail space

is a little bit more than four times the area of the meeting area the Council meeting is held in. It is actually twice as much as the existing retail was that was demolished. The Design Review Commission did unanimously approve the amendments to the application and the overall design of the building. During the SUP process there were numerous comments about underground parking not being as convenient and not utilized as much throughout the City where it does exist. Mr. Montgomery agreed with that and thought it would be better to have the parking on the surface if possible. There was also a concern about the ramp coming out of the underground parking directly onto the alley. During the SUP process he had discussions with Pastor Gilchrist of Coronado Baptist Church. He had offered to let the church use some of the retail parking on Sundays. Pastor Romer is currently the pastor of that church and he will speak in favor of that if necessary. These changes also reduce the construction period by about 7 to 9 months and will substantially reduce the amount of noise and truck traffic during that period.

Mayor Smisek commented that the tradesmen spaces have been eliminated. He is also curious about demand for retail in that area.

Mr. Montgomery explained that one of the items that really brought this to their attention is that since this SUP was approved, the Regatta Bay was still ongoing in their SUP approval process. As they reduced their residential units in their project to gain the City's approval, they dramatically increased their amount of retail. Subsequently, these developers did not think there was not as great a demand for the amount of retail in the area. They thought there might be an over abundance of retail space and that by reducing theirs it might benefit the project and be able to get the parking up where it is more useable.

Mayor Smisek asked about traffic flow in the alley. Mr. Montgomery responded that from what he has seen recently, traffic flow seems to be a lot less cluttered than before. Once the Regatta Bay project is completed and their traffic comes on and off of C Avenue a lot of the problems that have existed in the alley in the past will be reduced substantially.

Councilmember Tanaka asked what the square footage of the residential units will be.

Joe Cristilli, Galvin Cristilli Architects, architect, responded that the residential portion will be 23,000 square feet. He pointed out some of the changes on the renderings. Mr. Cristilli described some of the options for the retail breakdown.

Councilmember Monroe asked about the parking. Mr. Cristilli explained that the parking calculations were done per the old Specific Plan, which is more stringent than the new Specific Plan. Discussion about the retail spaces continued. Mr. Monroe's concern is that the size and scope of the project is being reduced, but the bulk and mass of the project is not being reduced.

Councilmember Tierney assumes that the living quarters on the 2nd and 3rd floors are going to remain the same as before.

Councilmember Schmidt thinks this is a pretty project, although she doesn't support mixed use. She would like people to notice that the first floor, which is the retail, steps back significantly. The courtyard is 60' deep and varies in width from 20' in. Ms. Schmidt also mentioned that the surface parking is not noticeable from the street, or from the alley, because it is in the center of the project. She thinks that is an advantage.

Mayor Smisek opened the public hearing.

Linn Kovar, 101 Orange Avenue, opposes the proposed amendment. Mr. Kovar is an adjacent commercial property owner and is a past member of the Orange Avenue Commercial Specific Plan Committee. He requested that Council deny this amendment to the approved parking and Special Use Permit. He is concerned as an adjacent property owner because the approved plan eliminates what he feels is needed commercial, previously approved by this Council. The requested plan eliminates 3,000 feet of retail, 800 square feet twice of trade spaces. The requested plan eliminates desirable underground parking. The method used to cut the retail space is to cut store depth by about half, from about 70' bays to about 35 to 40' bays. The effect is to significantly reduce the chance of leasing to financially strong stores offering basic community needs. Financially strong and non-boutique businesses is what Coronado is most in need of between First and Second Street along Orange. He is concerned because this project is meaningful in the 100 block of Orange. At 125 lineal feet, 5 building lots, this is 25% of the land on the east side of Orange Avenue. If this land is locked into low level commercial at grade and can't be expanded later, the area has lost roughly half of the east side of the block in conjunction with adjacent properties. The proposed amendment eliminates two trade spaces on the alley. Although termed "trade spaces," these spaces may be an office for a tax preparer, a printer, a taxicab business office, handyman services, etc. This is affordable commercial space. Concern has been expressed that there is too much commercial space available in town, but Coronado's absorption rate has been very rapid. The new building at 9th and Orange is already leased at rate. Vacancy in the uptown area has never been a problem. Even if absorption were a concern, it is a short term issue. The proposed amendment completely eliminates an underground garage. Costs are cited, but it is known that this could work because there are two ongoing projects now. Safety issues are cited, but concerns about safety can be addressed by ramp modification and safety planning at the alley. Finally, Mr. Kovar is concerned because the proposed changes are what Coronado's new Commercial Specific Plan tries to reform. Hundreds of Coronadoans participated in the Plan. The principles are worthless unless they are applied to guide in development. The applicant is not without alternative choices. The applicant has an approved plan. The applicant can develop a commercial project under the new Orange Avenue code. In summary, he believes the proposed amendment will result in weak stores and shops at a large, important location on Orange Avenue. It will diminish uptown business vitality and he urges Council to join the Planning Commission and vote to deny the proposed amendment.

Mayor Smisek closed the public hearing.

Mr. Tanaka feels very strongly about mixed use, but for him the issue isn't whether he supports mixed use or not, but the issue is the old SUP and then the proposed changes. He is not comfortable with this project because of the density. He doesn't think it is appropriate to fit 11 condominium units in that space. He thinks it is too much density for that neighborhood and he is particularly concerned that if something is zoned commercial, its primary concern should be commercial. It is very clear, especially with the proposed changes, commercial is not the primary interest. The primary interest is selling condominium units. It is very telling that the first thing that is supposed to sell the new proposal is that it is a smaller project. It is not smaller in terms of density. It is not an accident that none of the 11 condominiums were removed. All of the cuts came in the commercial zone. He appreciates the economic principles of supply and demand, if there are too many commercial units out there it may be difficult to rent those, but he has a very difficult time

buying the concept of buying 11 condos and having two stores underneath. He could have supported this change if it had been proportional to both residential and commercial.

Mr. Monroe reviewed some of the principles of the Specific Plan. This project was approved before the Specific Plan came along. One is to maximize first story retail along Orange Avenue. This takes some retail away. The Specific Plan takes the previously approved three stories down to two stories. This got in under the wire with three stories, but the project that remains left the three stories above ground and eliminated the project's underground story. The height was reduced to 32' in the Specific Plan as well. The Specific Plan was also very firm that the City not reduce parking that exists. This isn't parking that the City has, but it was in the plan. He is not quite sure about the discussions of the dangerous alley exit. There was no discussion of that in the past and nothing had changed. He wants to be true with the Specific Plan Committee. The other thing that should be mentioned is that the ownership of this property changed.

Mr. Tierney feels equally strong that this project was put together within the commercial area and the whole concept was to include underground parking and to maximize the retail space in that area. This change is not where he thinks the City wants to go. It is very important that the additional retail space exists to bring more businesses into Coronado. It is turning into a condominium project at this point with a façade of two businesses on the street. He realizes that underground parking is expensive and it is not easy to accomplish. He thinks that the new owners knew full well what the requirements were for this project and their acceptance of this property meant that those particular issues had already been put to bed and that is what this community wanted. For that reason he feels he will be voting to not approve the Special Use changes and will go with the existing project as it was previously approved.

Mayor Smisek commented that as he reviewed this, one of the plusses he liked was that it is going to be a lower density project, which he is always in favor of here in Coronado. He sees Council as having three choices. One is the original plan, one is the amended plan and the third is to tell the applicant to go back and start over under the new Specific Plan, even though that last one is probably not a viable project. That leaves the first two choices. This has always been one of his biggest reasons why he doesn't like mixed use. He feels that the dominant factor in a mixed use project is the condominiums and that is the real reason the condos are being put in – they bring in a lot of revenue. He has been torn in both directions. He doesn't like the condominiums but that isn't why Council is here today. There is the benefit of possible lower traffic volume with the amended project. Parking would probably be used a little bit more with the new project. He is not convinced with all the retail coming on board that the City is going to need a lot more retail. The sense he is getting from Council is that there is not much support for the amendment. He called for the motion.

MSUC **(Tanaka/Tierney) moved that the City Council adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO DENYING A REQUEST FOR AN AMENDMENT TO A PREVIOUSLY APPROVED SPECIAL USE PERMIT AND PARKING PLAN TO ELIMINATE THE PROPOSED UNDERGROUND PARKING GARAGE, TO REDUCE THE FIRST FLOOR COMMERCIAL SQUARE FOOTAGE FROM 6,865 TO 4,000 SQ. FT. FOR A PROPOSED MIXED USE PROJECT CONSISTING OF 11 RESIDENTIAL CONDOMINIUM UNITS ABOVE COMMERCIAL SPACE AT 131-145 ORANGE AVENUE IN THE C (COMMERCIAL)**

ZONE WITHIN THE ORANGE AVENUE CORRIDOR SPECIFIC PLAN AREA. The Resolution was read by Title, the reading in its entirety unanimously waived and adopted by Council as RESOLUTION NO. 7976. The City Council approved the proposed Orange Avenue streetscape plan for the project

Councilmember Monroe commented that he also wanted to hear the sense of the Council. He really wanted to support what the Specific Plan Committee had worked on for so long.

AYES: Monroe, Schmidt, Tanaka, Tierney and Smisek
NAYS: None
ABSENT: None

9. ADMINISTRATIVE HEARINGS: None.

10. COMMISSION AND COMMITTEE REPORTS:

10a. Report from the Port Commissioner Concerning Port Activities. Port Commissioner Robert Spane reported on recent Port activities. The Port is not going to buy the carousel. It is going up for auction because the bank is going to foreclose on it. He also commented that the Port spends about $1.5 million a year on environmental costs with an educational part on top of that ($400,000) and $650,000 in addition to those. The Financial Assistance Committee met. In this past it has loaned up to $1 million a year to the cities for races, concerts. This year it was about $300,000 broken down as follows: San Diego $150,000, Chula Vista $82,000, Imperial Beach $48,000, National City $31,000, Coronado $23,000. The art for Glorietta Bay will get approved and is on the consent agenda next week with a cost of about $120,000. There will be $650,000 more for environmental clean up. The Port held a public hearing about anchoring and mooring. There will be an action item about how much the Port will charge the yacht clubs for leases. The yacht club members want the increase to be about 8% of the gross revenue. The Port position is that it should be about 11 1/2%.

Councilmember Monroe asked about the Chula Vista Harbor Port area. Admiral Spane commented that this has been going on for a long time. There is the idea of a land use swap out. There is a lot of controversy about it. The plan is supposed to be done within about six months.

11. CITY COUNCIL BUSINESS:

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

Councilmember Tierney attended the Chamber Sundowner and announced that today is Election Day and urged everyone to vote.

Councilmember Monroe reported on two SANDAG meetings – the Transportation Committee and the SANDAG Board meeting. The major business at SANDAG right now is to put together the

package that will promise the voters for the next thirty years that if they pass the TransNet extension they will get certain projects divided into local streets and roads, transit projects and major highway projects. However, County Supervisor Dianne Jacobs has asked for $500 million additional for local streets and roads for the rural areas. The problem with that is the basic assumption with the transit projects and the transportation projects, both for congestion relief, assume a 2:1 matching grant situation with federal and state money. When a highway is done half of the funding will come from TransNet, but the other half will have to come from federal or state money. If that $500 million is moved into the local streets and roads that will take $1 billion away from the other projects. Mr. Monroe also attended the Metropolitan System Board meeting, the Silver Strand Committee meeting, the Chamber Sundowner, the Tunnel Team meeting and the South County Economic Development Council meeting. Finally, Mr. Monroe met with former Mayor Bixler from Imperial Beach and visited Pedro Orso Delgado, the head of Caltrans, to talk about the Bike Spur.

Councilmember Tanaka commented that the Heartland District is working on consolidating its efforts because Chula Vista is going to pull out of the Dispatch Authority which may result in a small increase to remaining members. The Fire Dispatch JPA is also in the process of looking for a new facility.

Councilmember Schmidt attended a MainStreet meeting, the Navy Complexes meeting where there was discussion about the vacant property that the City owns between North Island and Country Club. She attended a meeting of the Water Board and the RSIP workshop. She would like to make it very clear that in the future all Council members should be present and it should be a Special Council meeting. There will be another special meeting set up in the future.

Mayor Smisek went to the Coronado Cays Homeowners Association meeting with the City Manager. Mr. Ochenduszko made a great presentation about what the City's fire response was prior to the paramedic service coming on board and now how it operates. There were some questions about time to get to the hospital. Mayor Smisek briefed the membership about the slurry seal project this spring and summer. There were compliments about the contractor doing the Half Moon Bend sewer project. Mayor Smisek had a meeting with the new Commanding Officer of the USS RONALD REAGAN that will be homeported in Coronado later this summer. He attended a MainStreet meeting and a meeting with the Chamber Executive Director. At the Library Board meeting there was discussion about the need for some increased funding that is an agenda item today based on some problems that were found during the remodel portion. The South Bay Mayors meeting was held in Imperial Beach. The Navy Complexes meeting involved discussion about fencing behind the Country Club homes.

11b. <u>Request to Increase the Library Construction Contingency to Offset Recent Major Unforeseen Conditions and to Authorize the Manager to Approve Anticipated Change Orders to Reduce the Project's Delay.</u> Jim Benson, Director of Engineering and Project Development, provided the background on this item. The City Council, in November 2002, awarded a contract to expand and remodel the Library. This was to be accomplished in two phases in order to keep the library open. The expansion was built in the first phase and upon completion, the entire collection and the staff were moved into the expansion and the second phase began. The expansion was completed about 1 ½ months later than it was originally scheduled and in good shape, budget wise. Phase 2 is a major remodel of what was the previous library. This covers two buildings. One is the historical Spreckels Building that was built in 1909 and the 1972 expansion

was basically built around and connected to without destroying that original building to maintain that historical structure. Since the beginning of Phase 2 there have been some challenges and some conditions not anticipated in the budget or the schedule. The first thing was the assumption that the roof top air conditioning units were going to stay in place with a little bit of remodeling. As a consequence the cost for that operation was not very high. The contractor got up there, started taking it apart and realized that it was beyond their scope to determine whether the units were going to stay in place. An independent consultant evaluated the situation and determined that the units are not lasting very well because of the conditions there and the City should consider replacing them. The other complicating factor is that there will be much more of a challenge getting at the air conditioning units because of the location of the new library. This is a safer time and an easier time to accomplish the replacement of those units. The second surprise came when looking at the air conditioning units. Some of the structures that were examined during that process presented other problems. In the 1972 addition there are 2x12x24' roof joists that are the prime structural element of the entire roof. The quality of the wood in some of those joists is questionable with some containing large knots. The wood that is in there now would not be allowed to be put in today in some instances. It is fortunate that this was found now and will be easier to fix now than in future years. It is a public safety concern. The last surprise came when looking at the two patios put in during the expansion in 1972. There are beautiful ficus trees there. The problem that comes with ficus trees is that they are very invasive. The terrible condition of the soil was not anticipated. Those patios are now going to be made part of the operating library. Soil will have to be removed at the old patios down to a 4' depth based on the conditions of having an old building adjacent to the area and trying to protect the vintage trees in front. It cannot be done all at once and needs to be done incrementally to support the existing slabs. Additionally, the whole side of the south side of the building is more than likely going to have to be replastered and there are questions about the north side. There is an old skylight in the Spreckels Building that has been a challenge over the years because of leaking. There are four significant cracks in the beams that support that old skylight. This could be very minor or very expensive – there is not even a cost estimate on that yet.

Mr. Benson went on to review the very rough cost estimates for the problems that have been discovered. He also reviewed the contingency summary to date on the project.

City Manager Mark Ochenduszko clarified that this budget allocation that is being requested is not the result of design changes, construction overruns or project enhancements. These are necessitated by the requirement for repairs of an old building. The repairs being requested are safety related and are more cost effective to do now than they would be if they were to be done once the Library were buttoned back up and back in operation. There are sufficient funds to accommodate this request for repairs and the old building will be in much better shape than it has been in many years as a result of the repairs that will be made.

Mayor Smisek commented that he and Councilmember Tanaka are the representatives to the Library Board. There is a special subcommittee that works with the contractor. The Library Board is intimately involved in this project, more so than he has seen any other agency around. Mayor Smisek is impressed by the effort they have made. They are watching every penny. He is very proud of everyone's work on this project. To spend a little bit more money for the safety aspects and to avoid repairs in the future is well worth the money spent at this time. He has the utmost respect for this whole team. The contractor is doing a good job. Everyone is working very hard and watching the money very closely. This fall everyone will be looking forward to the grand opening and a terrific product.

Councilmember Tanaka thanked the engineering staff for finding these flaws. It is easier to take care of these problems now. He also feels that in many ways this is within the contingency budget. Today's request is just to create a little bit more of a cushion in case anything else does emerge. He is very comfortable with the staff recommendation.

Councilmember Monroe added that the Library Board is working with the Friends of the Library and other people for additional fundraising for enhancements. He complimented the Board.

Admiral Jack Shaw, 654 A Avenue, President of the Library Board of Trustees, commented that going forward with this project there are a lot of things that the Library Board looks to accomplish to enhance the Library and to share the cost. The Board is very conservative about spending additional Board funds. They will work very hard to make sure that there are 3 out of 5 people to share some of the forward going expenses. He thanked Council for its continued support.

MSUC **(Schmidt/Tierney) moved that the City Council: (1) increase the project construction contingency by $195,000 to $748,300; (2) authorized the City Manager to approve a change order, or change orders, to address the unforeseen conditions; and (3) authorized the City Manager to approve future change orders up to $100,000 each to reduce possible delays in the project's schedule. Cumulative change orders that exceed the revised contingency would be returned to Council for approval**

AYES: **Monroe, Schmidt, Tanaka, Tierney and Smisek**
NAYS: **None**
ABSENT: **None**

11c. **Review of the Fiscal Year 2003-04 Operating Budget at Mid-Year and Approval of Recommended Adjustments.** City Manager Mark Ochenduszko addressed Council and reported that the budget is on track. General Fund revenues are projected to be about $26.3 million and expenditures are about $25.3 million. The City will close with a fund balance that is very similar to what has been reported to Council in the past. The mid year was reviewed and there were some changes that were made, all in the positive for the City. Revenue estimates were prepared at the beginning of the year very conservatively. The reason for that was due to the state budget shortfall the state will be taking money away from cities. At this point the results to the General Fund are about $450,000. Staff projected a higher amount than that. The City is still not out of the woods for the current fiscal year. It could still be higher but much of that depends on what happens today with the public consideration of the bonds that have been proposed by the Governor. He cautioned the Council that the revenues and expenditures in the General Fund are General Fund well being is becoming tighter and tighter as time passes. Those things are not a result of things that have been done by the City. The City has held the line in programs and services and not added net staff in the last 4 ½ years. It is not a result of what has occurred at the City, but it is a result of things that are occurring in the environment, both things that cannot be controlled such as utilities and other costs that are beyond control, health insurance costs, the cost of the Public Employees Retirement System, etc. The City has, since 1992/93, been giving up 33% of its property tax to the State of California so the State can transfer that to schools to offset the State's obligation for funding schools. It is proposed in the coming year that that amount be increased by $450,000, so all

tolled, well over $2 million of Coronado property tax will be going to the State to offset the State's obligation to fund schools. That is a lot of money that the City could do some good things with if it were available. Coronado's financial situation, despite all these things, remains stable and strong.

Councilmember Tierney asked for a statement to the public explaining the available balance of City Council reserves of $9.6 million in a loan to the Community Development Agency.

Leslie Suelter, Director of Administrative Services, explained that on page 98 it shows that the General Fund ending balance, including the City Council minimum reserve of $8.7 million, at $19.4 million. That is not including the loaned amount to the CDA which amounts to about $20 million. There will be a period where the CDA will be repaying that $20+ million to restore the General Fund balance.

Discussion continued about the reason for the City Council minimum. Reserves are held for things like cash flow, lost revenues, disaster preparedness, etc. That amount of money is set aside for those occurrences.

Mr. Tanaka commented on the page 93 reported surplus of $980,827 for this year. That is what is projected at this time.

Mr. Tierney asked about item 410, the Tunnel Project, and an obligation of $7.1 million projected revenue. Mr. Ochenduszko explained that is money that has been appropriated to the Capital Improvement Program for the SR75/282 project, the majority of which is from the SB572 settlement agreement that was struck with SANDAG.

Mayor Smisek commended the City Manager and City staff on all the hard work they have done to keep costs down and to keep the City fiscally strong.

MSUC **(Schmidt/Tanaka) moved that the City Council :**

1) **Approve the recommended adjustments to the General Fund budget**
2) **Approve the recommended adjustments to the following funds:**

Solid Waste & Recycling	**Fund 130**
TransNet	**Fund 210**
Equitable Sharing DEA Asset Forfeiture	**Fund 230**
Treasury Forfeitures	**Fund 234**
Cal Law Enforcement Equip. Program	**Fund 245**
CDA Loan Fund	**Fund 160**

3) **Authorize a special assignment pay of 10 percent to the Principal Engineer Position**

Mr. Tanaka agreed with Mayor Smisek that the City is very lucky to have the budget situation it has. He is still a little nervous because the City is accustomed to having bigger surpluses. He really thinks that, at some point before November, the Council needs to have a discussion about TOT. The City has one of the lowest TOT rates and he is proud of that, but if the City is running tight budgets and is concerned he doesn't see why Council shouldn't consider adding a million or two million a year of revenue a year by increasing the TOT.

Mr. Tierney also feels that Council should be looking at the City's structure in terms of fines. He thinks some consideration should be given to those.

Mr. Monroe indicated that the Specific Plan Committee looked at raising parking fees and turned that down because they thought cost of living is very important.

AYES: Monroe, Schmidt, Tanaka, Tierney and Smisek
NAYS: None
ABSENT: None

11d. Discussion of Design Alternatives for the Transbay Force Main and Direction on Seeking Federal Funding. The Transbay force main was constructed in the early 1970's and has been in continuous operation ever since. The force main, which connects the Transbay Pump Station located in the Ferry Landing to the San Diego Metro System at a manhole in Seaport Village, is a 24" diameter ductile iron pipe that is buried in a shallow trench under San Diego Bay. Because of the unknown condition of the force main, the age of the pipe and the desire to have redundancy built in to the system, the City contracted with Boyle Engineering Corporation to perform a predesign study for the installation of a new force main. Their scope of work also included an inspection of the existing pipe to ascertain its condition. This inspection, using sonar technology is tentatively scheduled to occur in the next four to six weeks. In addition to approving the study in the current year CIP, the City, through the efforts of Senator Feinstein, sought and was granted a $10 million dollar authorization in the Energy and Water Appropriations Bill this year. This is the first step in seeking future appropriation of actual funding.

Boyle Engineering Corporation has submitted a draft of the predesign study for review. This draft is being made available to Council to aid in the decision-making process for requesting federal funds. As a draft, the document is subject to change and has not undergone the final quality assurance process from either the consultant or staff. Due to timing constraints associated with the submission of federal appropriations requests, the draft report is being brought before Council without a completed inspection of the existing force main. The condition of the existing pipeline may have a significant influence on the scheduling of the design and construction of a new force main. Should Council elect to seek federal funds for the design of the preferred alternative, the funds would not be appropriated until at least October 2004 and would most likely be released by February 2005. The use of federal funds subjects the project to federal oversight with the Army Corps of Engineers becoming the lead agency for the project, and the City becoming a participating agency. Therefore, scheduling the design of the force main is not only subject to the availability of the appropriated funds but also the availability of the Army Corps of Engineers to administer the project. It is anticipated that, under the recommended sequence, construction funding would be requested in FY 06 and available for use in early 2006 at the earliest.

The purpose of bringing the predesign study before Council in the draft form is not to approve or accept the predesign study, but rather to serve as a foundation for deliberations on seeking federal funding for the project. Once the inspection of the existing pipeline is complete a final version of the predesign study will be brought before Council for acceptance and selection of the preferred alternative. **Under Consent, the City Council directed staff to seek $2,000,000 for the design of Transbay Force Main Project without specifying an alternative.**

11e. Appointment to Fill One Vacancy on the Coronado Street Tree Committee. A vacancy occurred on the Street Tree Committee with the term expiration of one of its members on October 31, 2003. The vacancy was advertised in the Coronado Eagle Journal on four separate occasions, October 15 and 22, 2003 and February 4 and 11, 2004. Notices were posted at the Library and City Hall announcing the vacancy. One application has been received from the following individual: Jeanne Fox. **Under Consent, the City Council appointed Jeanne Fox to fill a vacancy on the Street Tree Committee for a full term to expire October 31, 2006.**

12. CITY ATTORNEY: No report.

13. COMMUNICATIONS - WRITTEN: None.

The City Council recessed at 4:55 p.m. into closed session.

14. CLOSED SESSION:

14a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Subdivision (a) of Section 54956.9)
AFSCME Local 127 v. City of Coronado
Public Employee Relations Board Case No. LA-CE-133-M

14b. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of Litigation pursuant to subdivision (c) of Section 54945.9
One (1) potential case

At 5:20, the City Council returned to open session where the Mayor reported that direction was given to the City attorney on both items
.

15. ADJOURNMENT: The meeting was adjourned at 5:22 p.m.

Approved:

_____
Tom Smisek, Mayor

Attest:

_____
L. Diane Shea, CMC
City Clerk