

**MINUTES OF A
SPECIAL MEETING OF THE
CITY OF CORONADO CITY COUNCIL
IN CONJUNCTION WITH REGULAR MEETING OF THE
HISTORIC RESOURCE COMMISSION**

**Police Facility – Emergency Operations Center
700 Orange Avenue
Coronado, CA 92118
Wednesday, March 3, 2004, 3:00 p.m.**

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

1. ROLL CALL:

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

Historic Resource Commissioners Commissioners Keith, Draper,
MacCartee, Wilson, and Herron

Absent: None

Also Present: City Manager Mark Ochenduszko
City Attorney Morgan Foley
City Clerk Diane Shea
Director of Community Development Tony Pena
Director of Administrative Services Leslie Suelter
Associate Planner Ann McCaull
Administrative Secretary Linda Hascup

2. COMMUNICATIONS - ORAL: None

3. CITY COUNCIL/HISTORIC RESOURCE COMMISSION BUSINESS:

a. Discussion Regarding the City's Historic Preservation Ordinance and Mills Act Program. Mr. Pena explained the joint meeting was requested in response to the discussion at the City Council meeting of November 18, 2003 of an agenda item dealing with Mills Act funding. At that meeting staff presented information regarding the financing implications of the Mills Act in Coronado and the Council made it clear at that time that they were not willing to increase the amount of financing for the program. The Council questioned why the Historic Resource Commission (HRC) had not provided more information on how to select which properties should be funded within the budget. The indication was that the Council would prefer

HRC's input on the prioritization of properties. Methods of prioritization discussed were: by date of application received; by looking at the amount of money in the program and applying that to as many properties as possible; by the individual merits of a property in comparison to others, or by the urgency of losing a historic dwelling to demolition. It appeared that the City Council would have welcomed an expansion of HRC's role in respect to future Mills Act applications in coming up with criteria and a more definitive recommendation to the City Council so they won't be going over a lot of things that maybe should have been gone over first by HRC.

Another topic for discussion is the HRC's stated desire to have a more aggressive outreach program in order to reach more members of the community with education regarding the historic preservation program and to entice more property owners in the community to be more involved in the program. The HRC has suggested that they could produce a newsletter, possibly on a quarterly basis, which may be published on in the Eagle & Journal or distributed in some other way such as on the City website, to increase exposure for the historic preservation program. Mr. Pena said he had discussed the idea of the newsletter with the City Manager a few weeks ago and it was understood that a newsletter would have to have appropriate content consistent with City Council policy. There would most likely be some expenditure involved depending on the venue or the type of newsletter.

Additionally, the HR Commissioners wanted to discuss the presentation of the bronze plaques to be given to designated properties. They felt it would be an honor to the property owners for the City Council to award the plaques at a regular City Council meeting. Mr. Pena said these were the main discussion topics, however there may have been additional comments from the November 18 City Council meeting that didn't make it onto the agenda.

Susan Keith, Chairman of HRC, said the Commission also felt it was time to sit down informally to discuss how things are going. When the City Council adopted the Historic Preservation Ordinance no one knew how it would be received in the community. It turns out that the program has been very successful with 28 properties designated so far. She explained that the way the ordinance was set up the HRC was not empowered to make recommendations regarding eligibility for Mills Act Contracts, with the decision making resting with the City Council. There is a certain amount of frustration on the part of the HRC because the program has been so successful they don't know what to do now. There are still people who don't know about the program so HRC is continuing with their outreach effort by talking to groups. But the HRC is a little uncertain about where the City Council sees the program going and what they want the Commission to do as their representatives. She admitted that the HRC Commissioners are prejudiced on the subject, but they think that saving historic homes is an important part of saving the residential quality in Coronado, and want to know how best to do that. She said they understand there are many advantages to the program besides the Mills Act, but everyone knows money is the loudest speaker. She said the Commission wants to work together with the City Council to figure out how the program can benefit the City and keep what all of them love about the community. The HRC thinks one of the best ways to do that is to save the older homes in town.

Chairman Keith said it was a real shock to lose the home on Tolita, but it was only one of many and there are more that could go. She said she realizes there is no guarantee that a historically designated house won't be demolished either because the owner still retains property rights. But the main question of the afternoon is how can the HRC and the City Council work together. She

said the Commission has questions about whether any criteria needs to be changed, if there needs to be more incentives in the program, or if the amount of funding needs to be changed, and they are looking to the City Council for help in answering the questions. She said that the HRC is the Council's history arm and perhaps they talk too much about history, but that is why they exist, to talk about the history.

Chairman Keith added that the HRC hasn't handed out the plaques yet because they would love to see the City Council be involved in giving out those plaques on TV, which would be wonderful publicity for the program. She mentioned other means of getting the word out such as the proposed newsletter, the City website, and the City newsletter. Mr. Keith said the Commission is willing to further review the Mills Act applications if the City Council wants them to.

Mayor Smisek said that perhaps it would be helpful for each member to give their thoughts and proceed with back and forth discussion. He said he was on the Council when the program was approved. The Council's initial fear was that there would be an avalanche of requests that would "break the bank" from a financial point of view. That is why 75 years was the first criteria rather than 50 years. Some of the ideas he thought could be explored were: 1) The idea of having the HRC make recommendations to the Council regarding Mills Act contracts is appropriate. He envisions that working within the cap the HRC would prioritize the applications as to when they should be approved for Mills Act, even going so far as to plan ahead by several years, similar to how the City Council looks at other projects such as undergrounding, etc. He suggested that a process could be developed where the order is ranked according to a numeric system associated with a set of criteria (for things such as age, rarity, historic background, renown of architect, appearance, etc.). This would be helpful to both HRC and the City Council because the numeric presentation would be understandable and the Council could see the difference between submissions. 2) The City Council has to be careful about finances in today's environment as the State's finances are running into a bad time and affecting the City. He said there is a reason for having a cap on the funding. Even though they didn't know what to expect when enacting the program, they are getting a better feel with history. If there is a slowing of requests for Mills Act contracts, perhaps staying within the cap may not be a difficult to do over an extended period of time. 3) Mayor Smisek said that another idea is for the Commission to use their own knowledge or put together teams of knowledgeable individuals and go out into community and solicit the owners of the kinds of homes they are looking at to preserve for the roster of historic properties. He clarified that he means they would put together a "we are the Historic Commission package" and give it to those people to inform them of the opportunities available to them because they have a historic home.

Commissioner Wilson said she was excited about the discussion because the Mayor's recommendations are very much in agreement with what she had been thinking, especially the part about going out and identifying properties to solicit. She said she would like to bring up the real estate aspect that was a somewhat negative discussion previously. She had heard that a lot of realtors were not supportive, so she went to the Board of Realtors to speak to them. She spoke with several realtors as well as the new President of the Board, Renee Wilson. None of them thought the Mills Act or historic designation was negative; the only drawback was the wait time to realize tax benefits. Some owners feel it is better to scrape the house than wait to get approval. She said the idea to solicit some of those homes is exciting as well as the idea that a really significant property that was in grave danger could jump the line and get a contract in a

more reasonable amount of time. She thinks prioritizing is the first thing they should do. The Board of Realtors would be receptive to a presentation by HRC to dispel any confusion regarding the program.

Commissioner Wilson said she also loves the idea of putting information about historic resources in the City newsletter. It is a good way to create excitement about the program. She said if they don't have to spend any money that would be great. She said more money would be nice, but she realizes that City finances are a "three-legged stool," with sales tax, TOT and property tax.

Councilmember Tanaka said he is happy the Council and HRC are getting together because there things to discuss that can be productive. He said he remembers from being on the Commission that the outreach program was very important, to get the word out and educate the public. He thinks the idea of a newsletter is a good one; he would just caution that the information is worthwhile. He said he would support the Mayor's suggestion of reaching out to owners of significant properties because the real goal is to save homes.

Councilmember Tanaka said to him, the most important topic is regarding the HRC's role in processing Mills Act contracts. When the Historic Preservation Program was enacted, HRC was cut out of the Mills Act decision process other than to approve a list of improvements. He thinks they should have more influence in that area. On the subject of the budget he feels \$5,000 is appropriate and that the waiting applications should be prioritized once a year by HRC to spend the budget. He said that it makes sense to him to revisit that issue each year. They could decide if there were four homes waiting that were within the \$5,000 they could put them in, but if there is one that is more expensive and deserving put that in. He would recommend reprioritizing annually rather than prioritizing the properties for years in advance. Set up a time each year to make the decision and forward a recommendation to the City Council. Perhaps the Council would agree to make an exception to the budget if the HRC made a recommendation to go over budget for a home that goes over the current budget.

Gerry MacCartee said that everyone needs to look at the town itself. To save one house is good, but to save the actual feeling, the character, "the village atmosphere" of Coronado is the important thing. A tiny cottage with a front porch may not be a handsome mansion, but it is so much a part of what Coronado is. If we could just save a few cottages every year you are saving what Coronado is. She said she understands that finances are very tight, but to save a few cottages is so important to Coronado.

Councilmember Monroe said that the historic quality of Coronado is important to him too. He said the City Council deals with many different issues and they run into passionate people on many passionate issues, such as the PAWS, the Jr. NROTC, or Coronado Hospitals Master Plan, etc. He said he wants to keep in mind that we don't want to become a theme village, rather keep a little of this and a little of that. One of the pieces of the pie is clearly historic preservation and so many of those little cottages are important to save.

He said that historic designation and Mills Act are two different parts of the program. Regarding Mills Act contracts, one of the problems is the range of tax benefits to the homeowner, and subsequent reduction in tax income to the City. He mentioned Susan Keith's historic home that provided a very small tax savings of around \$300 due to how long ago it was purchased. In comparison, the Crown Manor had a tax savings of somewhere around \$17,000. Perhaps one of

the criteria in prioritizing Mills Act application should be the cost to the City. Councilmember Monroe said he would like to see HRC play a large roll in Mills Act applications by establishing criteria that is consistent; evaluating the houses; and then ranking and prioritizing them. Good criteria removes a lot of arguments when it gets to the City Council level. One of the tough issues would be how to jump the queue. If there are eight houses in line and a really great one comes along, which criteria would allow them to skip ahead of the others?

Regarding solicitation of homes for designation, perhaps it might be somewhat imposing to the owners. But you could at least make sure they have the information and what the benefits could be.

He said he would like a nice photo shot of the homes already designated in a center section of the Eagle. Also, a historic section on the website with photos of the designated properties could be included.

He said that the City of San Diego has an interesting program where they require special approval before any house over 49 years old can be demolished. He said he spoke with both Mayor Murphy and Councilmember Madaffer and they both counseled to not go there. They advised that generally the historic people say don't demolish it and then the council overrules them. It wastes a lot of people's time and it's really not effective. Perhaps we could think of something to save a precious house, but public interaction because we care about our village may be appropriate in Coronado. He would support that if it could be done in some way.

Councilmember Monroe said he isn't set on \$5,000. He said he looks at some of the other things the City Council gives support to such as SAFE - \$50,000+ per year; Chamber of Commerce - \$65,000; Historic Association and Visitors Bureau - \$330,000; JROTC, etc. He said that Historic Preservation is such an investment it could even be doubled to \$10,000. He said he would be willing to participate in that discussion.

Commissioner Draper said the original program began in 1988 and over those 13 years there were only 8 houses designated. In the last 3 years since the Historic Resource Commission has been in business that number was increased to 28, with 2 pending. The Commission created a brochure; created an annotated bibliography to help people doing their historic designation research; they produced a one page guide to assist individuals in completion the application form; went to several different groups to get word out; attended flower show 3 years in a row; completed a Coronado park study; have given two slide presentations on Coronado's history that were well attended; and have designed and now have ready 25 house plaques to present to the owners of designated properties.

In response to Mayor Smisek's suggestion that HRC contact owners of significant properties Ms. Draper said the Commission worked with CHA in 2001 and sent letters to all of the property owners of CHA designated properties informing them of the City's new program and inviting them to have their homes added to the City's list of historic properties. Only five of those homeowners responded, but she loves the idea of being proactive in letting people know of their opportunities.

Commissioner Draper said she realizes that money is an issue. She said they do need some money for outreach. One thing they haven't had time to talk about is Federal Tax Credits that

are available if you follow the federal guidelines for rehabilitation. It is a way to save the town money, but the person restoring the house is able to get some federal tax reduction. She said the Commission talked about the Certified Local Government Grants a while ago. It is a great idea, but you have to have an inventory in order to qualify. We probably don't want to go there because our program is voluntary.

She said she would like to see something done that would require a trigger when someone comes in requesting a demolition permit there would be an automatic trip to HRC if the house is 75 years old. The HRC can tell them the various opportunities that are available to them instead of demolition. She didn't think it would be too much of a hardship to wait for just that one meeting. She said she would also like to see demolition fees increased. That is another way to get more money into the general fund to help with Mills Act contracts.

Councilmember Tierney said he was hearing the discussion going in two directions. One is to go out and get new business, but on the other hand we can't afford the new business. He said he would personally like to see the \$5,000 budget increased to \$20,000. He thinks the City can afford it. He added that there are some truly historic properties that have been left out of the loop, Cherokee Lodge for one, which was the first bed and breakfast in Coronado.

Councilmember Tierney said he is really interested in putting together a more definitive description of Mills Act contract requirements. He said there was some confusion when 1236 Alameda was considered. He said the property was designated as historic, which it is, but changes were made to the residence that took away from its historic quality so that in his view it no longer rated a Mills Act contract. He recommended that there should be clear guidance so that architects and developers understand that if they modify a historic house beyond certain limits the structure would no longer qualify for a Mills Act contract. He added that the Councilmembers are always willing to get the emergency phone call if a demolition permit is imminent. The request can always be made for help to keep that from happening.

Commissioner Herron said she considers herself more a preservationist than a historical person. She said the idea is to preserve and protect as much of Coronado as possible and one incentive to do that is money. She said that perhaps the cost of demolition permits could be increased to raise money for Mills Act funding. Mr. Foley said that the development permit fees have to relate to the development project it is directly related to; a fee for another purpose can't be added on to it. Ms. Herron said she was just trying to think of a way to increase funding for a very important program and the money is first on the list, a major component, of the incentives. \$5,000 is a little low to be adequate funding.

Commissioner Herron said she likes the idea of using the City newsletter and the website. She said everyone should be tied into the same program and working together to protect and preserve. She said the group should decide what criteria are most important for prioritization, the 75 year age or the appearance, and made recommendations based on that. She said identifying the houses that we want to save and outreaching to the owners is very important as well.

Councilmember Schmidt said her understanding is that the \$5,000 budget is allowed for the Mills Act but it doesn't say how much tax revenue is lost for each house that has a Mills Act contract. She said that is something that should be looked at and should be continued to be

looked at. She said she likes Councilmember Tanaka's suggestion of allowing an increase in the funding if a truly significant home comes through and not tie it up in bureaucracy. She also likes the idea of prioritizing. She said it is just like the Community Development priority list that is re-prioritized each year. Some years some issues are the number one project and another year it's something else. She thinks this should be done with historical resources also. And if they need to come to the Council for more money, that is something also that could be done. She said she wants to be sure the public knows the requirements for a property to be eligible as a historic resource. She believes that the Mills Act is a benefit of having a historic house and it is a priority for those people who are really interested in designating their home. Just being a historic resource is also a very important thing in her mind. She agreed with Commissioner MacCartee that it just isn't the bigger homes such as the Hanson House – the little houses out there are so important as far as the neighborhood is concerned and they could be gone so easily.

Councilmember Schmidt said she wishes we could use cablevision more. There are hours of time on Coronado Cablevision spent on playing music and showing scenes around downtown that could be shared with showing historic houses. Regarding demolition of historic homes she has felt for a long time that there should be an advance notification system so there aren't have more situations like the house on E and Tolita.

Mayor Smisek explained that the fiscal impact of the Mills Act program is cumulative; it isn't just \$5,000 this year and \$5,000 next year. The total impact with the Black House, at 1015 Ocean Boulevard, is \$154,127. This loss will continue to grow as long as these homes stay in the Mills Act. As you go out to year 10 it has the potential of \$703,289 of fiscal impact, which is a very significant amount of money.

Councilmember Schmidt excused herself from the meeting at 4:00 to attend another meeting.

PUBLIC COMMENT

Barbara DiMichele, 1536 Glorietta Boulevard, President of the Coronado Historical Association (CHA). She said CHA's concern is also the speed at which demolition seems to be occurring these days. They are most interested in finding ways to slow down the demolition. The notification of demolition is key. She was in favor of the idea that a home that is 75 years or older would automatically go to HRC for review. She realizes that HRC couldn't keep the owners from tearing the home down, but perhaps it would make the homeowner think twice about it. She thinks the onus should be on the owner to provide information on the age of the home, provide photographs and title to the property. If it is 75 years or older she would love to see something done in the way of salvage if they decide to proceed with demolition. CHA could be the middle man for salvaged items. She said another idea would be the allowance of a 90 day grace period in which CHA has the opportunity to purchase the structure for a minimal amount of money and then find a place to move it to. She realized that is something that would need further discussion. Ms. DiMichele said that CHA would definitely support an increased funding cap. She added that she realized this discussion is regarding residential historic properties, but she thinks it would be wonderful to think about including commercial properties such as the Cherokee Lodge, at least for historic designation.

Councilmember Tierney asked Mr. Pena how long a demolition permit is valid for. Mr. Pena said it takes about 15 minutes to issue a permit and all building permits are valid for a six month

period. They can be extended. He doesn't remember any requests to extend a demolition permits because normally that is one of the first things they take care of. Even if plans for a new structure aren't in plan check, they will clear the property before the project goes forward.

Commissioner Draper said that perhaps there is some confusion regarding the criteria for a Mills Act contract versus that for a historic designation. The same criteria apply as to both. The only additional requirement for the Mills Act contract is that the house must be designated historic before the owner applies for the contract, but the historic criteria is the same for both. Mr. Tierney said he meant to say that if the changes were so radical, such as those at 1236 Alameda, he would not consider it to meet the level of historic that he would want to pass on the cost to the taxpayers. He said that the Mills Act doesn't forbid putting those parameters in effect. Even if a home could be considered as historic, it could be denied for Mills Act.

Councilmember Monroe said it concerns him that a home that can take out a permit at noon and be torn down by 3:00 p.m. He said he likes the cable television idea. He said that a Silver Strand Committee member was working with Bill Putnam of Time Warner to put together a two-minute tape of pictures from Nature's Bridget to Discovery. They are very willing to put this type of information between all the real estate ads and music on the air.

Councilmember Monroe said regarding salvage that he visited Ann Keyser's project recently. She is replacing the windows that were installed in 1939, but CHA is taking the windows and will offer them for use in other buildings. So recycling is doable.

Commissioner Wilson asked if it is a heavy burden on staff to look up the age of a house when the permit is pulled because there needs to be a trigger. Mr. Pena said it isn't a burden. She said there is a list of things that don't cost money to do: 1) Prioritize; 2) Finding properties and getting them to apply; 3) Putting information in the City newsletter; 4) Have a demolition permit trigger, and have an appearance before HRC. Mr. Pena pointed out that wouldn't cost the City any money, but it could cost the applicant money. She said that historic design does not automatically have to trigger historic designation. She said as a realtor she hears a lot about remodeling of historic homes than renovation, but she would rather call it remuddling. She would like to see more restoration.

Mayor Smisek asked staff to put together a compendium of suggestions and that will be reviewed by the City Council. He invited HRC to attend the meeting and discuss it at that time. Chairman Keith said she thought it would be appropriate for HRC to review the list during their regular meeting before sending it to the City Council.

Councilmember Monroe said he would also like to see what is happening to property tax over the years rather than just seeing a chart of the Mills Act build-up. He mentioned an example of the prices that homes are reselling for which will increase the tax base, but mentioned that there are other expenses the City has to look at as well, contracts for police and fire etc.

Mayor Smisek said the coffers are getting smaller. He thinks we have to maintain on the financial side. He also understands the feeling about the historic issues, but said there is still a budget to work within. He would hate to get into the situation where we can't afford to pay for contracts that were made. He thinks people will want to know that they will eventually get it. The good news is that this can always be reevaluated each year. He reiterated what Ms. Keith

said earlier. People aren't knocking on our door, but we will continue to go out and get them. He agreed that HRC should review the report put together by staff before it is presented to the Council.

Chairman Keith said that they all know what they want this town to look like. She said the HRC is told to go out and get people to have their homes designated, but we can't offer them the Mills Act incentive until years from now. Mayor Smisek said that he is just asking for reason. Councilmember Tierney suggested that perhaps the 75 year age criteria for could be increased to 100 years. Commissioner Wilson said that just having the historic designation does protect a property. It is only the exterior and it runs with the land. She said there is probably a need to determine how to prioritize.

Mayor Smisek adjourned the meeting at 4:20 PM.

Approved:

Tom Smisek, Mayor

Attest:

L. Diane Shea, CMC
City Clerk