

**MINUTES OF A
SPECIAL MEETING OF THE
CITY COUNCIL OF THE
CITY OF CORONADO
Police Facility – Emergency Operations Center
700 Orange Avenue
Coronado, CA 92118
Monday, January 24, 2005, 3:30 p.m.**

Mayor Smisek called the meeting to order at 3:30 p.m.

1. ROLL CALL:

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

Absent: None

Also Present: City Manager Mark Ochendusko
City Attorney Morgan Foley
Interim City Clerk Mary Clifford

2. ORAL COMMUNICATIONS: None.

3. CITY COUNCIL BUSINESS:

3a. Presentation on the Status of the Glorietta Bay Master Plan Projects and the Marina Redevelopment Project. City Manager Mark Ochendusko introduced the agenda item. He explained that the City is about mid-project on getting Phase 1B completed of the Glorietta Bay Master Plan. The purpose of this meeting is simply to inform Council about some fairly complicated matters. It is a special meeting and is more of a workshop form. There is no Council action at this point. The items that are discussed will be brought back to Council subsequent to concluding this meeting.

Leslie Suelter, Director of Administrative Services, stated the presentation is to provide Council with information about what is going on with the project to date as well as present some new information about the marina project. The presentation will be provided by Ms. Suelter, Mr. Benson, Mr. Cecil and City consultants. She went on to explain that the construction progress will be updated, the budget will be examined as well as some potential additional funding needs, potential options for developing the marina will be discussed and some possible ways to combine or join the marina project with portions of the Glorietta Bay Master Plan.

Bill Cecil, Project Coordinator, reviewed the components of the Glorietta Bay Master Plan project. He explained that the project was broken up into multiple phases. Phase 1A was the demolition of the existing buildings, the installation of major site utilities and construction of the building foundations. Phase 1B is all of the buildings in the site plan, including the promenade, parking and linear park. Phase 1C is the Boathouse and Club Room, which is proposed to take place in approximately one year. Currently that phase is in schematic design. The other portion of the project is Phase 2, which is known as the Yacht Club Promenade and has two components – Phase 2A, the riprap that begins at the end of the existing sea wall and heads north and beyond to the area by the Yacht Club, and Phase 2B, the landside improvements including a park, the promenade landscaping and the street realignment of Strand Way.

Phase 1A was completed about a year ago. Phase 1B is approximately 50% complete. Finish materials are being installed in the Community Center and dry wall and finish materials are being installed in the south half of the City Hall. The rough mechanical, electrical, plumbing, etc. continues and is approximately 80% complete. The pool concrete has been installed and the tile work is now ongoing. The dewatering wells were just recently turned off and have been completely removed. The building on the south half of the project is the pool building. It is required to have a certain number of showers and toilets for the pool. That building supplies a portion of those and it houses all of the pool equipment. The pool building was one of the last projects to come up because of the need to backfill the pool and then was also delayed by rain and other events.

Mr. Cecil went on to explain that in the execution of this project there have been a number of challenges. There have been utility conflicts between Cal American water line and the SBC and Time Warner cable lines. There are so many utilities in Strand Way. We potholed prior to construction to try to locate all of them. We found many of them and documented 14 of them. When the laterals were done to make the sewer connections, we ran into 19 different utilities. In this particular situation the utility lines for SBC and Time Warner were thought to be well documented, but instead of being in a fairly straight line they meandered through their easement and that created a conflict between the new 8" water line that the City was required to install. The SBC and Time Warner lines were relocated. There have also been rain delays. There were early rains in October where normally there has been almost no rain in October. The delays affected completing both the exteriors and interiors. There was also a high content of copper in the dewatering process. Wells were drilled prior to bidding and estimates made of the amount of water that would have to be taken out and the amount of copper that would be found. Unfortunately, there was 20 times the amount of copper than was expected.

There were material shortages and as a result, some price growth. It is fortunate the project was bid when it was because there was an enormous price surge in January, February and March of 2004. Staff has seen that some contractors are trying to have the City cover some of those costs. For instance, steel was not quoted until it left the mill. Staff has listened but has not acted. Other issues were the security system and the AV design. This is a fast track type of project – not all of the components were in place at bid time. Two of those were the security system and the AV design. As a result of that there was a delay in the doors and windows. Almost all of the windows are now installed, but the doors are still missing. That is because there is a certain sequence of installation necessary. The security system had to be designed, wired and that affected how the hardware was installed which, in turn, affected how the installation of the doors would take place.

On Phase 1, there is a portion of the project that overlaps Phase 2, shoreline revetment. Plans were submitted hoping there would be a fairly fast turn around. Coastal Commission and Water Quality permits have already been received for this project. We had to go to Army Corps of Engineers to do the in-water work. They have certain categories that fit certain types of projects and they are either categorized as a nationwide permit or an individual permit. The nationwide covers a much greater area in terms of different types of projects, but they have certain set criteria. In this particular situation, this project does not meet all of their criteria and it appears that the City will have to do an individual permit; however, in the following discussion regarding the marina, Council may see that there is some advantage to combining the two projects.

As a result of the items mentioned, there have been difficulties in meeting the original project schedule. The original project schedule was to have the project completed at the end of February to the first of March. The new project schedule is the first of May to the end of May. The contractor has also discussed his efforts to try to complete the project in total, in terms of the buildings, by May 1. Mr. Cecil's observation is that this contractor is working with due diligence and the progress of the job has moved along quite well. Also, the items mentioned previously have created a cost growth. The changes to the PCL contract are estimated to be approximately \$2.7 million. The potential Port District billing gap is about \$200,000. There is TV equipment for Council Chambers that is anticipated to be covered by Time Warner and staff is negotiating with them to have them cover that cost, but at this point that has not been completed. That is a potential exposure. There have been design contract modifications. Several of these had to do with the utility conflicts referred to and some has to do with the audio visual design being completed. The additional testing and geotechnical inspection has gone over budget. The Hubbell sculpture has created additional expenses. This totals up to what staff sees as a \$3.4 million need, with the original contingency being approximately \$2.1 million. There is a shortfall of approximately \$1.3 million, plus an additional \$500,000 needed to complete this project, for a total need of \$1.865 million.

Mr. Cecil broke down some of the architectural fees in the PCL change orders. By fast tracking the project, some of the drawings were not completed and items had to be added in. Owner changes are items that were added into the project. Unforeseen conditions contributed to these changes. No plan is perfect and as a result there were some design omissions. There have been some material changes. There are also miscellaneous other change orders that have taken place. The additional AV work and the final conduit contributed to the increase.

Councilmember Downey asked what the specific design omissions were. Mr. Cecil responded with an example of the clerestory windows. They operate using a motor that has a remote. The architectural drawing showed the motors, but the electrical engineer didn't put power to them.

Councilmember Monroe asked Mr. Cecil to go over the Hubbell \$75,000. Mr. Cecil explained that the City asked the Port for \$7.26 million. Staff identified a number of components that it thought the Port District could partner with the City on. The Port Act indicates that 1% of any allocation requires that money be spent on public art. So, after the \$7.26 million was completed, the City found that \$76,000 had to be set aside for public art. That money was then essentially taken away from the City from being able to pay for improvements on the linear park. Mr. Monroe thought there was a separate grant that went through the Port for the Hubbell. Mr. Cecil responded by saying that there are two parts to the Hubbell sculpture. There is the portion that is a part of now the Port Act (1% of any allocation). That did not cover the cost of the Hubbell piece. There was a

second allocation that the Port commissioners allocated for this project to cover the total \$120,000 cost of this sculpture. Another \$40 – 50,000 was allocated as part of the Hubbell project.

Ms. Suelter moved on to discuss ways that this need can be met. She again referred to the Port contribution of a maximum amount of \$7.26 million. The Council approved the final agreement at its last meeting. Part of that agreement also had specific percentages of which the Port would not pay more than. The total is \$7.26 million, but they won't cover more than 40% of the parking costs or 80% of the demolition, etc. The funds didn't all fall into the right categories to allow the City to maximize that. This is preliminary and staff is being cautious at this point. Staff wanted to make Council aware that the City might be shy about \$200,000 for which the Port can't be billed. There may be additional change orders related primarily to the linear park. The \$200,000 is part of the \$1.3 million Mr. Cecil laid out for Council. There is a current budget on this project of \$33.6 million. Council also approved in June of 2004 some additional budget dollars for telephone and computer cabling and for security and electronic access. When the additional funding is added to cover the \$1.3 and anticipating that there will be other cost growth, staff is advising Council of the potential need of \$1.8 million, which would make the budget reach to \$35.6 million.

Councilmember Tanaka asked how the \$500,000 figure as the additional contingency was arrived at. Mr. Cecil responded that, with the project being where it is and with staff's understanding of where the costs are coming from, staff thinks this amount will cover potential future changes.

Ms. Suelter explained that the City has fund balances in the City's Capital Improvement Fund. It is called the Fund 400 and those are from projects that either were completed under budget in prior years or money was set aside and then didn't have projects for them. There is currently approximately \$1.5 million in that fund. Staff is taking \$1.2 million for this purpose. There were also monies set aside in the Glorietta Bay Master Plan fund, Fund 405, and there is about \$500,000 in that fund today. Staff is also suggesting that the City has not attributed to the Marina any of the costs for the parking lot and the amenities around the parking lot. Staff went through the PCL contract, the base bid, and identified portions that could legitimately be charged against the Restaurant/Marina fund, which is a CDA fund. Staff felt that \$225,000 is a reasonable contribution from that fund. These add up to the \$1.8 million. She reminded Council that no action is being sought today. There will be separate action by the City Council and the Community Development Board. It is very likely that the City would be loaning those monies from the City to the CDA so that there might be future opportunity for being paid back.

Mr. Cecil moved on to explain that there is an adjacent project that overlaps the Glorietta Bay project. That project is the Yacht Club Promenade. From the existing seawall north to the Boathouse 1887 Restaurant, staff is proposing to remove the existing debris and install new riprap. He previously mentioned that this project didn't meet a certain category and classification so that the City is now no longer going to be under a national permit but rather an individual permit. That has had some impact on the timing of the completion of the Promenade. The City submitted its application back in June to the Army Corps of Engineers. The City did not hear anything back from them, despite several meetings with them, several discussions with them, etc. They finally came back in October saying that this did not qualify as a national permit but that the City would have to submit an individual permit. A national permit requires more environmental studies, more public meetings, and goes from a several month process to a nine month process. Mr. Cecil utilized the power point drawings to describe the areas he was referencing. He noted he didn't expect to see a permit for the Yacht Club Promenade for another nine months.

Kevin Ketchum, California Yacht Marina, explained that the project goal is to provide a world class quality marina dock system. It needs to be safe. It needs to be functional. It has been scoped out for concrete because that is the best, most stable system.

Mr. Tanaka commented that he thought there were problems with the concrete system. Mr. Ketchum explained that was a 1960 concrete problem. That was the first one. Now there have been 30 – 40 years of concrete dock systems. Mr. Tanaka asked about the life expectancy of a concrete system versus the other alternatives. Mr. Ketchum responded that most people are comfortable saying 40 years but it isn't really known because they haven't been in that long. The problem with wood is that in the sixties the quality of the wood was so much better that one could have a discussion about using wood. The problem now is that, because of the quality of the lumber, you can only get six – eight years out of a wooden structure. Concrete is usually the specified choice. Mr. Tanaka asked how concrete compares with a wood system cost wise. Mr. Ketchum responded that concrete is less expensive currently.

Mr. Monroe commented that he was told that the Coronado Yacht Club is re-doing their docks back to wood. Randy Mason, Cash & Associates, lead engineer, explained that the reason they would go to a wood system at this stage is because they had an old concrete system that broke up and the mind set is to try something other than concrete. Mr. Monroe asked if there is anything in terms of wood versus concrete at low, low tide when the docks go down and some don't float and experience additional stress. Mr. Mason explained that the current wood dock systems that are built use plastic floats and sit rather high in the water. They are only a bit less susceptible to sitting on the bay bottom at low tide. They are a little bit more out of harm's way. A good concrete system will have a draft of 14 to 16". There has to be enough water clearance underneath for the dock system at low tide for a concrete system to sustain itself.

Mr. Ketchum went on to further explain the proposed project. They are looking to provide improved amenities to the slips. He pointed out that there are several factors that need to be taken into consideration in the project. The first is the dock design itself. The California Department of Boating and Waterways publishes guidelines that are well tested and followed. These should be paid attention to when designing a marina. Another thing is ADA. Those rules and regulations need to be taken into consideration. Boundary lines and limits also need to be adhered to. Adjoining property interface is a factor. Utilities, amenities and security being provided to the customer are things that need to be kept in mind. There are environmental issues that need to be taken into consideration. In this project they are wind direction, navigation and mud-line impacts such as shading, pile area, endangered species, etc. Finally, there is a regulatory approval process: the Army Corps of Engineers, the Coastal Commission, Fish & Game, the Regional Water Quality Control Board, the Port of San Diego, and the City of Coronado.

He showed the existing layout and explained that it is serving three functions. The first function is 66 slips for recreational boating. Another function it is serving is transient docking. There is the opportunity for people who are coming for a few days to dock. In addition, there is an excursion dock for the Harbor Cruise Lines drop off and pick up. He moved on to point out the existing issues using the power point presentation.

Mr. Ketchum moved on to point out the remainder of the existing issues. There is non-compliance with ADA and DBAW standards. It does not meet the projected demand of the boating industry. There is a poor mix of boat slips and a disproportionate amount of small slips. There is inefficient

use of water space and the marina is unable to maximize the billable lineal footage. The other piece of the puzzle was to get feedback from the customers themselves. The boaters emphasized the need for larger and wider slips. The south side of Dock C should be utilized for expansion purposes. In addition, the slips should be oriented in the north-south direction. For amenities, there should be sufficient lighting, security gates, utilities to the slips, cable TV, boat fendering, etc. Soundings were done to see what could be done. From there, they worked to come up with scenarios to the answer to two questions. One question is whether or not to dredge. The other question is whether to expand the south side of Dock C or not. The variations of the two questions are the scenarios being presented. The first option is a replace in-kind with no dredging. Option 2 is to replace in-kind with DBAW slip widths and dredging. Option 3 is to expand Dock C but not dredge. Option 4 is to dredge but not to expand and Option 5 is to expand and dredge. He went on to point out some of the issues with each option.

Mr. Monroe stated his understanding that the Coastal Commission is not only interested in preserving the 66 slips, but also in preserving the mix, which includes the number of small slips that exist. Mr. Ketchum explained that it depends on the definition of a small slip. He thinks that 30' is the most recent reading on that. This has been designed to meet those guidelines. Two slides shown that break down the pros and cons for each option. He also pointed out the boat mix comparison for each option. The CDA's lease does not cover south of C Dock, so to expand into the waters of C Dock will require discussions with the Port. What will this cost? The cost of construction includes dredging, which is the \$625,000 and the dredging number is from all the way from the current quay wall north to the boathouse.

Mr. Tierney asked how firm that figure is (\$625,000) and how it was arrived at. Mr. Mason explained that the unit costs that were used to derive that number are the same unit costs that the engineering firm that did the City Hall project used for rock work. We are using the same numbers. Based on our experience, we thought those numbers were a little bit high, but not abnormally high.

Mr. Tierney thinks this dredging is the weakest area, financially. He felt the number was low. He assumed that part of the marina will have to be shut down while the dredging is done which also means a revenue loss to the City. Mr. Mason explained that the design was to take the mud line down to -7, which should mean that there would not be a need for dredging for another 16 to 20 years. That was the basis of the design. Right now the basin is as high as -2. He pointed out that Mr. Tierney is correct in that the cost of dredging can vary tremendously depending on how toxic the material is. That study hasn't been done yet. They took a little bit above average number for disposal inland. If it is toxic material and needs to be gotten rid of, it could be substantially higher. To determine that, a geotechnical consultant performs a certain number of sporadic samples throughout the harbor. They can tell very quickly by sending those out to a lab whether there is material that is considered toxic or not.

City Manager Mark Ochendusko pointed out that the quote is a time & materials cost and is an estimate based on what is known now. It is an early estimate and, therefore, cannot be a firm number because plans and specs and actual engineering analysis and design haven't been done yet.

Mr. Ketchum moved on to say that these types of situations are the reason for a whole host of alternatives. The City may want to dredge and may want to expand the south side of C Dock, but it may become clear as this goes forward, that the City is blocked from doing those things. Mr. Tanaka asked how long the design process lasts. At what point, after picking one of the options,

will we be through the design phase and be able to nail these things down for at least cost estimating purposes. Mr. Ketchum said he would pick a scenario he likes and go with that one. It would take about four months to get to a further decision point – there will be more serious numbers at that point as well as a better understanding of the hurdles that will need to be overcome.

Councilmember Downey noticed that none of these tell if one option is going to take longer or less time. Mr. Ketchum responded that the only factor is the dredging issue and the rip rap. The City is already faced with that process due to the Glorietta Bay Master Plan. He doesn't think the delay is unwarranted. He would take advantage of having to deal with rip rap as it affects the Promenade now anyway.

Mr. Ochendusko pointed out that if one works from the far left (no dredge, no additional slips) to the far right (add to C dock, dredge) the options become more complicated from left to right. He thinks it is realistic to say that the projects on the left probably go faster than those on the right. Remember that the options on the right mean that the City has to have not only a discussion with the Port District, but a contract with the Port District. The Port District is going to want money to do that.

Ms. Suelter turned attention to page 18 to discuss paying for the marina improvements. There are cash reserves of about \$1 million. The balance would need to be financed. The source of revenue that would pay that financing would be from the slip revenue generated from the marina. Staff has done some preliminary projections. The financing could not be tax exempt due to the nature of the work. It would have to be a more traditional, commercial lease. They assumed a 6% financing cost over 12 years. There are also possible sources of grants from DBAW. Any and all grant opportunities that may present themselves will be examined.

The discussion moved to how these two projects might interface. Mr. Cecil reiterated that the area along the Yacht Club Promenade and the Glorietta Bay project overlap between the end of the sea wall and the Boathouse 1887 Restaurant. The initial design at that location was to install a new rip rap. If dredging were to take place, it would probably double the length of the rip rap; however, to get the permits to do that the City would still have to go through the same motions. The requirements for both projects require the same level of effort. There is the potential that the project could share the cost between the Glorietta Bay project, the Yacht Club Promenade and the marina project.

Mr. Cecil noted Mr. Benson would discuss the status of the land swap issues and the Yacht Club component. Jim Benson, Director of Engineering and Project Development, reported that staff saw some of these potential complications coming quite some time ago. That is where the concept of 2A and 2B came from. We thought what was going to be the most difficult part was going to be the negotiations with the railroad and the Yacht Club and coming up with an agreement that allowed us to build the promenade from The Boathouse Restaurant past the tennis center. With the complications with the rip rap and not being able to get a nationwide permit and having to go to a specific, local permit, that has not in fact been the case. Given the complications of the discussions the City's been having through Morgan and Peter Fait, trying to come up with agreement with the railroad whether we can get the projects back. There is a possibility, with the delays having to do with the rip rap and if we can get the agreement worked out with the Yacht Club and the railroad, the two projects could be married back up at some point. The suggestion for the time being is to leave them rolling along and see which ones we can get going.

Staff had originally anticipated numerous issues. Those issues turned out to be more complex than anyone had ever thought they would be. Anything that the railroad does has potential implications elsewhere. We are not only discussing with the railroad having to do with this project, we have to deal with all of their entanglements around the Bay and the rights-of-way they still hold. They don't want to set precedents in terms of the way they deal with Coronado. The land swaps between the City and the Yacht Club involve the railroad right-of-way. Basically, the land swap is needed to accomplish the design the way it is approved right now, but if that land swap is not able to be achieved, there would be a way of going back in and redesigning the project.

Mayor Smisek asked Mr. Benson to further explain the land swap issue. Mr. Benson noted in order to achieve the realignment of Strand Way and get Strand Way away from the entrance to the Yacht Club, there is a proposed swap of land that is currently controlled by the Yacht Club through its lease with the Port and swapping that with property that the City has. It netted out where the Yacht Club was in fact getting more, but it allowed the City to do the project. It allowed for the completion of a pocket park and realigns where Strand Way comes out. Mr. Ochenduszkowski and Mr. Benson referred to renderings in the Council packet for further explanation.

Mr. Tierney asked for further explanation of the railroad complication. Mr. Benson answered Mr. Tierney utilizing the renderings. In order to accomplish this swap, there had to be cooperation with the railroad. The railroad is reluctant to do that because of the entanglements with the right of reversion. The historical right-of-way remains under the entire bike path and in order to do the construction, there needs to be an agreement with the railroad to move that.

Mr. Monroe asked if this is the land swap that also facilitates the Yacht Club to build a new building, which they need to do to renew their lease with the Port. Mr. Benson explained that this gives them more room out on what is ice plant in front of the building now. There is an advantage to helping the Yacht Club with this whole thing, too. What the Yacht Club has found objectionable is the Port, since they are involved, wants a more standard lease with the Yacht Club, which is more complicated. The enthusiasm of the Yacht Club for that swap is somewhat waning as time goes by.

Mr. Ochenduszkowski noted that some of the rights of the railroad, and specifically where the railroad had rights, surprised the City. That was not known when this part of the project was started. There is some contention over what is railroad land and what is Port land. The third piece that was found is that the City gave that land for railroad purposes in the twenties or earlier and the City had a right to reversion if it stopped being used for transportation purposes. The railroad won't strike a deal because they want to say that this is a temporary lease and that they have the right to use it for transportation in the future and that their plans for using it for transportation aren't necessarily gone. This has gotten a lot more complicated than was anticipated.

In response to comments from Mr. Tanaka and Mr. Tierney, Mr. Benson stated he will come back with a larger graph in the future.

Mr. Monroe pointed out that this isn't really the railroad, but rather the Metropolitan Transit System that Coronado is part of. It is run by a Board. He knows that a railroad policy exists to not give up any land any where around San Diego County.

Ms. Downey wanted to confirm that there is nothing in any of the deeds that precludes the City taking this on in the future. Mr. Ochenduszkowski explained that if they negotiate a lease with the City

to use the property, part of the negotiations will be that the City won't exercise that right. Mr. Benson explained that the rationale was that the City is putting in something that will be there for decades. We want to get something built for the public benefit.

Mayor Smisek feels this was a very thorough update. What it points out to Council is that each member is going to have to do a bit of homework to get up to speed on various parts of this. The issue of the railroad swapping of land has been something that has been going on for quite a long time. He thanked everyone for their patience.

Bill Seager, 1314 Second Street, asked if he understood correctly that the Pool and Community Center are to be done in May. Mayor Smisek responded that is correct.

4. **ADJOURNMENT:** The meeting was adjourned at 5:00 p.m.

Approved: February 15, 2005

Tom Smisek, Mayor

Attest:

Mary L. Clifford
Interim City Clerk