

**MINUTES OF A
REGULAR MEETING OF THE
CITY COUNCIL
OF THE
CITY OF CORONADO/
THE CITY OF CORONADO ACTING AS THE SUCCESSOR
AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF CORONADO**

**Coronado City Hall
1825 Strand Way
Coronado, CA 92118
Tuesday, July 15, 2014**

CALL TO ORDER / ROLL CALL 2:58 p.m.

**Present: Bailey, Denny, Ovrom, Tanaka, Woiwode
Absent: None**

ANNOUNCEMENT OF CLOSED SESSION

- 1. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
AUTHORITY: Government Code Section 54956.9(d)(2)
Facts and circumstances need not be disclosed pursuant to Government Code Section 54956.9(e)(1)
One (1) potential case**

- 2. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
AUTHORITY: Government Code Section 54956.9(a)
NAME OF CASE: Jane Underwood v. City of Coronado
San Diego Superior Court (Case No. 37-2014-00008463-CU-PA-CTL)**

- 3. CLOSED SESSION: CONFERENCE WITH LABOR NEGOTIATOR
AUTHORITY: Government Code Section 54957.6
CITY NEGOTIATORS: Blair King, City Manager; Tom Ritter, Assistant City Manager; Leslie Suelter, Director of Administrative Services; Johanna Canlas, City Attorney**

EMPLOYEE ORGANIZATIONS: Coronado Police Officers' Association; Coronado Firefighters' Association; American Federation of State, County, and Municipal Employees (AFSCME), Local 127; Self-Represented Employees; and Executive Employees

4. **COMMUNICATIONS - ORAL:** None.

The City Council adjourned to Closed Session at 3:00 pm.

The City Council reconvened at 3:30 pm. Mayor Tanaka announced that direction was given to staff and there was no reportable action.

Mayor Tanaka called the regular meeting to order at 4:00 pm.

1. **ROLL CALL:**

Present: Council Members/Agency Members Bailey, Denny, Ovrom, Woiwode and Mayor Tanaka

Absent: None

Also Present: City Manager/Agency Executive Director Blair King
City Attorney/Agency Counsel Johanna Canlas
City Clerk/Agency Secretary Mary Clifford

2. **INVOCATION AND PLEDGE OF ALLEGIANCE.** Floyd Ross provided the invocation and Mayor Tanaka led the Pledge of Allegiance.

3. **MINUTES:** Approval of the minutes of the Regular Meeting of the City Council/the City Council Acting as the Successor Agency of June 17, 2014.

MSUC (Woiwode/Ovrom) moved to approve the minutes of the Regular Meeting of the City Council/the City Council Acting as the Successor Agency of June 17, 2014, as submitted. The minutes were so approved. The reading of the minutes in their entirety was unanimously waived.

AYES: Bailey, Denny, Ovrom, Woiwode, Tanaka

NAYS: None

ABSTAINING: None

ABSENT: None

4. **CEREMONIAL PRESENTATIONS:**

4a. **Proclamation: Oz Con International Week.** Mayor Tanaka presented the proclamation to the Wicked Witch (Heidi Wilson) and Dorothy Gale (Kelly Purvis).

5. CONSENT CALENDAR: The City Council approved, adopted and/or accepted as one item of business Consent Agenda Items 5a through 5k with the exception of Items 5g and 5k and the addition of Item 13a.

Councilmember Denny will be abstaining on Item 5b and briefly stated her continuing abstention due to the fact that the internal financial control was removed by our City Council changing the ordinance which was supposed to have members of the Audit Committee review the bills before they were paid. Since that internal financial control has been removed, she doesn't feel comfortable either voting for or voting against the warrants. On agenda Item 5e, she will be voting no. We are paying our elected officials who work part-time, full-time benefits and this is the kind of fat that we should be cutting from our budget, not continuing it. It is very wasteful and it is fundamentally unfair to part time employees who don't get the full plan benefits like the elected officials do. She will be voting no for that. She would like to have a report on Item 5g and Item 5k.

MSUC (Woiwode/Bailey) moved that the City Council approve the Consent Calendar Items 5a through 5k with the exception of Item 5g and 5k and the addition of Item 13a – Receive and File a Copy of Letter Sent Expressing Support for AB 1147 – Massage Therapy Act of 2014.

AYES: Bailey, Denny, Ovrom, Woiwode, Tanaka
NAYS: Denny, on 5e
ABSTAINING: Denny, on 5b
ABSENT: None

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

5b. Review and Approve that the Warrants, as Certified by the City Treasurer, are all Correct and Just, and Conform to the Approved Budget for FY 2013-2014. The City Council approved payment of City warrant Nos. 10101531 thru 10102063 and City of Coronado Acting as the Successor Agency to the Community Development Agency of the City of Coronado warrant Nos. 90005561 thru 90005563. The City Council approved the warrants as certified by the City/Agency Treasurer.

5c. Adoption of Resolutions (1) Calling and Giving Notice of Holding a General Municipal Election on November 4, 2014, for the Election of Certain Municipal Officers, and (2) Requesting the San Diego County Board of Supervisors to Consolidate the City's General Municipal Election with the Statewide General Election to be Held on the Same Date. The City Council reviewed adopted A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO, CALIFORNIA, CALLING AND GIVING NOTICE OF THE HOLDING OF A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 4, 2014, FOR THE ELECTION OF CERTAIN OFFICERS AS REQUIRED BY THE PROVISIONS OF THE LAWS OF THE STATE OF CALIFORNIA RELATING TO GENERAL LAW CITIES and A RESOLUTION OF THE CITY COUNCIL OF THE CITY

OF CORONADO, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 4, 2014, WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THE SAME DATE PURSUANT TO SECTION 10403 OF THE ELECTIONS CODE. The Resolutions were read by title, the reading in their entirety unanimously waived and adopted by City Council as RESOLUTION NO. 8682 and RESOLUTION NO. 8683.

5d. Adoption of a Resolution Authorizing the City Manager to Execute a Successor Memorandum of Understanding between the City of Coronado and the Coronado Firefighters' Association for Fiscal Year 2014-15. The City Council adopted A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO AUTHORIZING THE CITY MANAGER TO EXECUTE A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CORONADO AND THE CORONADO FIREFIGHTERS' ASSOCIATION FOR FISCAL YEAR 2014-15 AND APPROVING CORRESPONDING CHANGES TO THE PERSONNEL AUTHORIZATION AND COMPENSATION PLAN. The Resolution was read by title, the reading in its entirety unanimously waived and adopted by City Council as RESOLUTION NO. 8684.

5e. Adoption of a Resolution Approving the Updated Personnel Authorization and Compensation Plan Effective for Fiscal Year 2014-15 and the Updated Plan for 2013-14. The City Council adopted A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO ADOPTING ITS PERSONAL AUTHORIZATION AND COMPENSATION PLAN FOR FISCAL YEAR 2014-15 AND AMENDING THE PLAN FOR 2013-14. The Resolution was read by title, the reading in its entirety unanimously waived and adopted by City Council as RESOLUTION NO. 8685.

5f. Adoption of a Resolution Accepting and Appropriating SDG&E SAFE San Diego Initiative Grant Funds in the Amount of \$2,500 for the Purpose of Public Education and Outreach at the Annual Public Safety Open House Event in October. The City Council adopted A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO, CALIFORNIA, ACCEPTING AND APPROPRIATING SAFE SAN DIEGO GRANT FUNDS IN THE AMOUNT OF \$2,500 FOR THE PURPOSE OF PUBLIC EDUCATION AT THE ANNUAL PUBLIC SAFETY OPEN HOUSE. The Resolution was read by title, the reading in its entirety unanimously waived and adopted by City Council as RESOLUTION NO. 8686.

5g. Authorization to Advertise the Stormwater Diverter Backflow Preventer Project for Bid. Ed Walton, Director of Engineering and Project Development, provided the staff report for this item.

Councilmember Denny clarified that the figure Mr. Walton quoted was \$15,000.

MSUC (Bailey/Ovrom) moved that the City Council authorize staff to advertise the Storm Water Diverter Backflow Preventer project for bid.

AYES:	Bailey, Denny, Ovrom, Woiwode, Tanaka
NAYS:	None
ABSTAINING:	None
ABSENT:	None

5h. Award of Construction Contract to United GLI, Inc. in the Amount of \$422,950 for the Golf Course Irrigation Controller Project. The City Council awarded a contract for the Golf Course Irrigation Controller project to United GLI, Inc. in the amount of \$442,950.

5i. Authorization for the City Manager to Execute a Purchase Agreement for an Amount Not To Exceed \$151,000 for Five Physio Control Cardiac Monitors for Placement on Fire Department Emergency Vehicles. The City Council authorized the City Manager to execute the purchase agreement for an amount not to exceed \$151,000 for the purchase of Cardiac Monitors.

5j. Authorization for the City Manager to Execute an Agreement with Northrop Grumman Information Technology, Inc. (NGIT) to Continue Providing Maintenance Service for Systems Utilized by Police Services. The City Council authorized the City Manager to execute the service agreement with Northrup Grumman Information Technology, Inc. (NGIT).

5k. Approval of Additional Engineering Work Related to the Design of the Third, Fourth, and I Avenue Drainage Improvements Project and Authorization for the City Manager to Approve the Associated Change Order in an Amount Up To \$25,000. Ed Walton, Director of Engineering and Project Development, provided the staff report for this item.

Councilmember Denny commented that this is the second change work order for this particular project. We are still in the permitting and studying process.

Mr. Walton clarified that it is actually the third change order for this particular one. To go through the CEQA analysis was part of Change Order #1 & 2 and this is an extension of that to actually do the processing for that. The other one was for actual potholing of the utilities. We have some very major utility conflicts and as we go to design we need to know the exact location vertically so we can install a gravity system so we actually physically potholed those utilities so we know exactly where they are.

Ms. Denny talked about some discrepancy or some confusion about the scope of the work after the consultant had spoken to the Port. Is that accurate?

Mr. Walton explained that when staff wrote the scope of work with the consultant, it was written in a manner where staff had written that the processing was to be done by the consultant. In their scope of work they gave to the City, and particularly because it was being done by a sub consultant, his scope did not include the processing so there were some hard negotiations on getting what would be a fair price to move forward. Staff feels that its scope was pretty clear. They feel that their scope didn't include that and it wasn't included in their fee.

Ms. Denny added that RBF is the main consultant and the sub consultant is who?

Mr. Walton commented that RBF is the main consultant for this project. They have sub consulted with Merkel and Associates.

Ms. Denny reiterated that this is the third change work order on this project.

MSC (Bailey/Ovrom) moved that the City Council authorize the City Manager to execute a change order for additional engineering work associated with the Third, Fourth, and I Avenue Drainage Improvements project in an amount up to \$25,000.

Ms. Denny will be voting no on this item as she thinks it is not fair for the taxpayers in this situation. She is making no judgments at this point. She is just saying that this is the third change work order which is always a red flag for government watch dogs concerned about how taxpayers dollars are spent. She is very concerned at this point so she will be voting no.

AYES:	Bailey, Ovrom, Woiwode, Tanaka
NAYS:	Denny
ABSTAINING:	None
ABSENT:	None

6. ORAL COMMUNICATIONS:

a. Doug St. Denis, Coronado Island Film Festival, announced that on the closing night of Oz Con Coronado, August 7, there will be a 3D screening of the 1939 "Wizard of Oz" classic at the Village Theater. She invited everyone to attend. Tickets are available at coronadoislandfilmfest.com or you can get them at Coronado Bliss, 930 Orange Avenue. Adults are \$25 and children are only \$10. That includes a drink and popcorn. All proceeds will go to the Coronado Island Film Festival.

b. Ryan Hogan, founder, Navy Ten Miler, presented a plan for a first of its kind ten mile road race that begins at Naval Base San Diego and finishes at Naval Base Coronado on October 11, 2015. October 11 is important because it is as close as we can get to the Navy's birthday. The Navy Ten Miler supports the Navy Safe Harbor Foundation, a non-profit that supports programs for our wounded, ill and injured sailors. What he means by benefits is that 100% of registration proceeds go to the Navy Safe Harbor Foundation. That is anticipated to be somewhere in the ballpark of \$200,000. They are in the final stages of the legal review from the Navy and will then come to local leadership for consent. He provided letters of support and information about supporters and sponsors. They anticipate \$1.6 million in tourism revenue during a month in a season when Coronado doesn't usually get it. He believes it is important that Coronado understands who they are, why they are here and exactly where they are in the planning and permitting process. He deploys next week and won't be available for some time. There is a vote happening today that affects them a lot. There are many other companies, including the Navy Ten Miler, who are following Coronado's special event

permitting process to a T. They have spent nine months figuring out the correct strategy to acquire all seven of the permissions needed to produce the Navy Ten Miler. As directed, they have been preparing for an opportunity at the October City Council meeting but he wants to make sure that they are not penalized for following the outlined procedures because an event with a one-year head start gets a tremendous edge. It sets a precedent, allows momentum and builds a strong case for year 2.

c. **Julie Viera** received a notice from the City Clerk that the Council would like to speak with her about appointment to the Design Review Commission. She knows she is uniquely qualified but she is not sure that she meets exactly the qualifications. She is a realtor and she does manage a property which she owns, 12 units, but it is in Imperial Beach. She thought the qualifications called for someone who owns and manages property in Coronado. She has done that, in 1960, when she was first licensed. She also does not have a professional design license. If that doesn't meet the qualifications, then she shouldn't speak with them.

Mayor Tanaka clarified that she does meet the business qualifications if she has managed real estate in Coronado and she is a registered voter in Coronado so she is qualified.

Ms. Viera is uniquely qualified to say that Coronado has never looked better. She lives in the house that she grew up in. She moved 36 times as a Navy wife all over the world, always in waterfront homes. The most vital experience she has had was recently in San Francisco when she served on the Waterfront Plan Advisory Board.

d. **Rita Sarich, Coronado MainStreet**, spoke on Item 11d. The MainStreet Board wanted to share some of their comments. They are blue sheeted for the Council.

At this point in the meeting, Mayor Tanaka took Item 10a Presentation from the Representative to the Sharp Coronado Hospital and Hospital Foundation Regarding Implementation of the Second Owner Participation Agreement out of order.

Following Item 10a, Mayor Tanaka announced the meeting would return to the regular order, but he re-opened Oral Communications so that Councilmember Denny could report.

e. **Councilmember Denny** thanked the City of Coronado for supporting the CERO Field Day in Spreckels Park recently. She encouraged everyone to join CERT and CERO.

7. CITY MANAGER/EXECUTIVE DIRECTOR:

7a. **Update on Council Directed Actions and Citizen Inquiries.** City Manager Blair King introduced Cliff Maurer, Director of Public Services and Engineering. He also presented the GFOA (Government Finance Officers Association) award that recognizes excellence in financial reporting to the City of Coronado for its comprehensive annual financial report for the year ending June 30, 2013. The Certificate of Achievement, according to GFOA, is the highest form of recognition in the area of governmental accounting and financial reporting. The CAFR is judged by an impartial panel against GFOA standards, which are heavily weighted toward the spirit of full disclosure to clearly communicate financial information. He presented the certificate to the

Mayor and City Council. He also highlighted the work of Leslie Suelter, Christine Zinn, Rosanna Arguelles and Joy Kleber.

Mayor Tanaka thanked staff for its hard work in this area.

8. PUBLIC HEARINGS:

8a. Public Hearing: Proposition 218 Protest Hearing and Second Reading for Adoption of "An Ordinance of the City Council of the City of Coronado, California, Adopting Revised Sewer Service Rates for Sanitary Sewer Service and Amending Sections of Chapter 60.08 of the Coronado Municipal Code Pertaining to Sewer Service Charges."
City Manager Blair King introduced this item and Karen Keese, the consultant who prepared the rate case, provided some information on the methodology that went into this.

Councilmember Denny commented that the staff report begins on page 203 and goes to page 207. She commented that this is not the first time we have spoken about the sewer rate hike. When we first spoke about it we heard from staff that we do not have any reserves and now we are hearing that we have \$8 million in reserves right now. Can Mr. King tell what fund that is or where that is? She is getting asked questions by residents. It seems to be confusing to them. Do we have reserves? Do we not have reserves? One minute we do and the next minute we don't. It is just very confusing for us.

Mr. King responded that staff has consistently shown that we have reserves. It was just mentioned that in the last four years all the CAFR reports showed the amounts that are in that fund. They have always been there. The only thing that is confusing is within the Atkins report there is a mention of formalizing a reserve policy. There is a difference between having a formal policy in effect and having reserves there. One of the recommendations is to have a formal policy saying that you should have a reserve equal to six months of your operating costs. That is a formal policy. The current level of reserves that the City has exceeds that. The Atkins report also mentions having an amount set aside for long-term replacement and having that formalized versus actually having it. We have that money in reserve and this would be equivalent to, on the General Fund side, the Council has always had reserves but over the last several years there has been an attempt to formalize how much of reserves should be there so that the Council knows what the minimum amount is and if the minimum amount is exceeded, what types of flexibility there should be. Atkins has suggested that we formalize some of our reserve policies. That certainly does not mean that we have not had cash reserves available.

Ms. Denny commented that residents are saying that it sounds like what the City was presenting before today was that the City has reserves and that they are not formally designated to this wastewater.

Mr. King corrected that statement. There are reserves within this account. The fund is a self-balancing set of accounts. This fund has always contained revenue from this fund and expenditures from this fund stay in this fund so the reserves are for this fund. This fund should not be confused with the General Fund. This is a separate fund and a separate self-balancing set of accounts. For example, in 2007, when the City spent about \$8.5 million to replace the TransBay Pipeline, that

was money that was taken out of the Wastewater Fund. That money had already been accumulated within the Wastewater Fund and had been paid for by rates. There was an amount of money available and then drawn down at that time. Doing that same project in 2014 would cost \$9.5 million with a 4% factor which may not be high enough for construction projects.

Ms. Denny stated that in other cities, when they had enterprise funds, and we have not only this one but we have some other enterprise funds we have spoken about on the record in the past. That would be the golf enterprise fund and Stormwater and this one, Wastewater. When we talk about an enterprise fund that we are keeping money in, the enterprise fund where we are keeping the extra money, the money in the fund is the reserve. Is that correct? We have extra money in that fund and that is good as a reserve. We don't need a formal reserve policy. That has been the City's position.

Mr. King concurred.

Ms. Denny asked Mr. King to describe what he means in terms of why we even want an enterprise fund and why we think this is special and deserves an enterprise fund.

Mr. King explained that it is common in typical practice for governmental agencies, when you operate utilities, to operate that in a businesslike fashion. Enterprise funds is how you, as a policy making body, are sitting over the wastewater fund, or the wastewater system, as a business enterprise. In terms of the services the City offers, under the umbrella of the City Council, there are various ways that they are accounted for. Enterprise funds are a way that services are accounted for. Typically, enterprise funds are used where we can see what the benefit is to the user and there is a direct relationship versus you would not typically put a police department in an enterprise fund because of the economic concept of externalities, who benefits from the police activity. Normally you are not going to charge the person who gets arrested where the general public benefits so that we all collectively pay taxes so we receive a collective benefit. In the case of an enterprise fund, those people that are consuming more of the service, for example, a laundry, are paying more than someone who is using less of the service is the intention.

Ms. Denny asked, for the taxpayer, when we say "pay as you go," that has been the City's policy that is as opposed to having a formal reserve policy. Is that how you would explain that to the average taxpayer in Coronado?

Mr. King responded that it is not. The context of this is capital projects. You can pay for capital projects in one of two ways. Either you have enough cash to do it or you are going to borrow. If, for a normal Coronado resident, you are going to buy a car in one of two ways – you have enough cash in your pocket to go out and buy the car that you want or if you don't have enough cash in your pocket, you are probably going to at least borrow something for that. You will negotiate an interest rate and a term and in the loan documents that you sign there will be the entire amount that you pay over time, which maybe would exceed the \$20,000. That is what we are talking about when you have pay as you go. We have cash in our pocket that we can pay for that capital project with versus borrowing money.

Mayor Tanaka wanted to review. How much money is in that reserve account?

Mr. King responded that going into the year there was about \$8 million. If the budget were carried through without a rate increase, staff is projecting that there would be a deficit expenditure of about \$1.5 million.

Mayor Tanaka asked how many miles of pipe we have.

Mr. King responded that we have 45 miles of pipe – 7 pressure and 38 gravity.

Mayor Tanaka asked how many pump stations we have.

Mr. King responded that we have 16 pump stations.

Mayor Tanaka asked if Mr. King's argument is that if we do nothing, we will deplete that reserve and that over time we won't have enough money on hand to replace the 45 miles of pipe as we need to replace it and the 16 pump stations as we need to replace them. If the Council adopts this newer rate, the City will accumulate a bigger reserve and will have enough money on hand to then replace 45 miles of pipe and 16 pump stations as their life cycles start hitting in the next 10/20/30/40 years?

Mr. King commented that a crisis is defined as lack of option and lack of time. We are not in a crisis. We have options and we have time. However, his job is to bring to the Council the choices that it has available while it still has time and other alternatives.

Mayor Tanaka rephrased his question. If the Council did nothing, is Mr. King confident, under our current rate structure, that we could then carry out our job of replacing the 45 miles of pipe and the 16 pump stations with the resources available in that fund.

Mr. King is confident that in the future there would be a need for a rate increase that would probably be more than what we are talking about now.

Mayor Tanaka went on to say that today's proposed rate increase is about not waiting until the crisis that Mr. King just mentioned.

Karen Keese, Atkins North America, provided additional information about the Sewer User Rate Study for the Council and the public.

Councilmember Woiwode commented that the City talked about whether to base its rates on a pay as you go philosophy or a debt philosophy. He believes the Council made a policy decision on that at one of those meetings. That was what led the City to adopt this approach in the rate case.

Ms. Keese understood from staff that the City's policy is to do capital projects on a pay as you go basis.

Mr. Woiwode believes it was part of the motion that kicked this thing off.

Mr. King thinks that staff has always acted with the understanding that it is the Council position to use pay as you go.

Ms. Keese added that there are pros and cons for pay as you go versus debt but if you look at it, you at least double your cost and maybe even 2.5 times.

Mayor Tanaka thinks that part of the presentation was how we talked about that we have not incurred debt as a way of doing this and one of the discussions is \$8.2 or \$8 million in reserves and whether or not that is adequate to not raise the rates and so on. The City has not bonded for its sewer needs. We have done pay as you go.

Mr. Woiwode was trying to recount whether we made that an explicit part of the discussion that got this kicked off. He referred to the assumption that this is based on 50-year usable life for all of the equipment and that there is a master plan being done that will get into some detail. Given the expenses of some of these pieces of equipment, there is some outlying potential or risk that a very expensive piece of equipment could fail that would cost a considerable amount of money due to the very high capital costs of this equipment. There is some outlying risk that we might, even with a rate case like this and even with the reserve assumptions we are making at \$1.2 million/year that we might exceed that.

Ms. Keese agreed that there is a risk and that is why the City is doing the master plan. As part of the master plan, the consultants sent their technical people with the City's operations people into all the City's pump stations. They are tv'ing the system to see what the condition of the underground pipelines is and they are taking a very close look at that long, long line from the Cays. They will know more towards the end of the year. It is in progress. They are going through all of the City's capital facilities to try to determine what will need to be fixed and when. That is why you do a master plan.

Mr. Woiwode commented that there is the potential that the City may need to make another course correction once we see that result.

Ms. Keese agreed that it is possible.

Councilmember Denny was glad that the \$2.4 million rebate or true up was brought up so that the residents can understand that it is money being trued up, getting back to the City. This is on top of the \$8 million reserve right now for wastewater. On page 206 of the agenda, it says that the Atkins Sewer User Rate study recommends that the City update the rate model in two years to incorporate the master plan results and the City of San Diego costs. She also thinks that Mayor Tanaka is correct that there is no bonding that has been done for this and bonding would be voter approved. We would have to go to the public and get approval or would that not be a general obligation bond.

City Attorney Johanna Canlas corrected that it is not voter approved.

Ms. Denny clarified that bonding for wastewater would not have to be voter approved. On our property tax bill, it already says that there is a sewer service charge and it doesn't list the agency

but we know it is the City of Coronado and the tax amount. Is that a result of litigation in the past? That is not a result of bonding. Is that a City Council decision? There is an additional sewer service charge that we are paying on our property tax bills already.

Ms. Canlas is not privy to the particular bill that Ms. Denny is referring to but there is no litigation that she is aware of in the past that would have resulted in that.

Ms. Keese thinks that the sewer service charge is actually paying your part of the operation and maintenance and capital costs.

Ms. Denny had asked for some proof of mailing and on page 259 of the staff report a letter from Koppel and Gruber mentioned that they certify under penalty of perjury that they mailed the notices of this sewer rate hike discussion on Friday, May 30. She did get questions as to why Koppel and Gruber, a public finance corporation, is involved in this notice and she asked that an explanation for that be given for the public.

Mr. King explained that the City used a service to prepare the notices and do the mailing. Part of that service is they will provide certifications of mailing.

Ms. Denny would say that is an outside consultant who did the mailing.

Mr. King clarified that they are a mailing house.

Ms. Denny showed a tax bill that reflected that this is the fifth additional charge on top of our 1% tax assessed value that says 'Sewer Service Charge.'

Ms. Keese reiterated that is the sewer bill. If you are a single family resident and you take the \$31.64 that she has been showing and multiply it by 12, it would equal the amount that is on the bill. But you notice there is no tax rate. That is because it is a sewer service charge. It doesn't show a tax rate. What it would show is the annual charge to recover the cost of operations and maintenance and capital and paying the City of San Diego to treat the City's sewage.

Leslie Suelter, Director of Administrative Services, would be happy to walk through these charges with people.

Mayor Tanaka commented that Ms. Suelter mentioned that there are multiple enterprise funds. We have a sewer and a storm drain enterprise fund. If you look at this, you see a sewer fee and a storm drain fee – those are consistent with the enterprise funds mentioned.

Ms. Keese concurred that these are the enterprise fund charges.

Ms. Denny added that there are more than that, too. There is a mosquito surveillance charge and so forth and disease control.

Ms. Keese clarified that those are County charges.

Ms. Denny is just reading the bill out to the public so that they can understand their bill a little bit. The 1% tax on the net value is your assessed value and is your basic property tax amount. Then we have in Coronado, and this is unique to Coronado, two extra charges that have been voter approved – Unified School, Prop KK, and Prop R from Southwestern Community College. The non-voter approved additional charges are listed and there are four of them. That is mosquito, vector, sewer and storm drain. She doesn't want to get into a big intellectual debate about this because it is very clear, as a lawyer, and is very clear in the law, that a fee is a tax so she just wanted to put that to rest once and for all. Where it says 'tax amount' those are all the taxes that we are paying. She wants to make sure that it is important for the public to know that the 1%, the net value there, and then we have the additional six extra taxes on top of that, under the law a fee is a tax and it all comes out of the taxpayers' wallets. She just wanted to put that bureaucratic argument to rest. She was also glad that the point about the Navy increasing their share is important because the City is responsible for telling the Navy what amount to pay and once the City did that, the Navy paid that amount. She doesn't want the record to reflect that the Navy was withholding or refusing to pay in the past. That is not the situation in this case and you did not mislead us in any way or lead us to believe that but she just wanted to make sure that the record, for people that are listening, because people hear different things, is clear. It is not an issue of the Navy not paying their fair share – they are told by the City what share they should pay.

She is aware that the City received some protests from the public and she didn't see them here and she thought that they would be blue sheeted and they are not. She wants everyone to know that we did receive them.

Ms. Canlas commented that in this particular case ballot tabulation is actually dictated by Government Code Section 53753(e)(1). They are not blue sheeted. They are tabulated at the end of the public hearing and only after the public hearing are they made public.

Ms. Denny wanted to let the public know what is happening. We do have a chart with all the protests and we will hear some more from the public and then we will let the public know how many protests we received for the sewer rate hike.

Councilmember Bailey spoke about the master plan that is expected to be completed at the end of this year. Did Ms. Keese say that there was some likelihood that we would need to revisit these rates based on the findings from that master plan?

Ms. Keese responded that they anticipate but they don't know yet what the condition of all of the City's facilities is. They are about halfway there. They are finding some things that need to be repaired. What the master plan does it is comes up with a list of all of the capital projects that are needed and when they are needed. Then they reprioritize to see how much the City needs to put away if you are going to continue to do pay as you go on a yearly basis. That would replace that \$1.2 million. She does not know the answer to the question. That is why in the rate study they said that it is most likely that the City may want to revisit in two years, especially since we are looking at potentially changing the rate structure and altering how the City bills people for sewer. That is not a foregone conclusion but they will be presenting that as well. That is why they said the two years.

Mayor Tanaka opened the public hearing.

Ella Croshier thanked Ms. Denny for taking the time to ask the questions that give some answers that they are looking for. The thing that she is very interested in, and most people are, is the taxes that are going to be a burden upon them. The fact that now we know that there is \$8 million in the reserve fund leads her to suggest that instead of having a capital fund where we borrow money or sell bonds and then pay all the interest which means we are paying for the project many times over that we save the money or cut back on some of the expenses that we have so that we can do that. That makes sense because then the taxpayers don't have to pay as much for this project. Health and safety is major. Of course this should have been taken into priority instead of some of these other nonsensical things and monies going out for things that we don't need or could do without, in lieu of having money to use for these funds, for these kinds of things. When she voted for people who are going to serve on this Council she took it for granted that they were going to look after our dollars carefully and we do have a very healthy little City here and it has a lot of money coming in and we surely should be able to manage our money so that we don't have to keep borrowing money, creating more bonded debt. She also would like to know just exactly how much bonded debt we have before we come in here and add some more to it. If at some point in time they could do a study within the City to tell how many bonds exist, how much time we have to pay on them and so on, that would be really interesting to know. The taxpayers are watching. There is a silent majority out there.

Scott Chasin commented that, in anticipation of this meeting, he went back and got off the City website the FY 2013/14 budget study. In looking at it, he hasn't heard but it seems to him that the General Fund balance of interest bearing money is about \$36 million. That is according to the summary. He only heard \$8 million today. He sees that \$36 million is the amount of money that was in the General Fund at the end of 2013. We are talking about a permanent kind of an increase in any kind of expenses, taxes, and the worst performing part of our budget was investment earnings. Coronado is making less than 1% on our \$36 million. Investment income was only \$381,000 and this is for FY 2013/14. In the event that we started getting 3 or 4 or 5% on our money like we did in 2005 and 2004 and 2003, on \$36 million we are getting less than 1% now and if we got 5%, which was not out of the question 5 to 8 years ago, that revenue would more than offset the amount of money we are talking about in terms of this enterprise fund. The other thing he found in the study is that there is something called the National Pollutant Discharge Elimination System, which the federal government is mandating on cities apparently. The summary that he read said that this is going to have a huge impact on our money. It is going to have a huge impact on our outlay and they don't even know how much it is going to be. We are talking about the cost of these huge improvements and here is another instance where the federal government is telling the City that they are going to have to come up with something new and they think it is going to be more than the impact of the cost or anything else. Last year the TOT and property tax was \$35 million. That is increasing by 5% a year, or has for the last three years. The amount of revenue, just on those two items, which are property related items, income, is increasing by 5% a year which more than offsets this cost.

Seeing no one else wishing to speak, Mayor Tanaka closed the public hearing.

Councilmember Denny has a point of order. She received a letter in the mail and she just wanted to add it to the protests and it is from Charles and Beverly...

Ms. Canlas explained that the notice itself gives them the direction as to how they need to do the protest and the protest is supposed to be unsealed at the time by a designated third party. In this particular case, the City has designated the City Clerk as the impartial individual that is to tabulate the protests. She doesn't know if that particular person formally transmitted their protest so she would advise that after the Mayor asks the City Clerk whether or not that has been addressed.

Ms. Denny thinks that sounds like a good procedure.

Mr. King believes that technically the public hearing would need to be reopened to allow the protest to be received because protests after the close of the public hearing are invalid.

Mayor Tanaka asked the City Attorney if he should proceed to the part with the City Clerk now or should he give the Council a chance to speak first.

Ms. Canlas thinks that in order for the City to get the protest tabulation it needed to be at the end of the public hearing, not after the public hearing.

Mayor Tanaka reopened the public hearing.

Mayor Tanaka asked the City Clerk for the tabulation.

City Clerk Mary Clifford commented that the City received 10 written protests.

Mayor Tanaka addressed the point of order and it was already discussed as to how it was supposed to have been submitted. The Chair is not going to accept that particular one through the avenue that was requested.

Mayor Tanaka closed the public hearing.

Mayor Tanaka summarized what has happened over the course of these meetings. For him, there are two philosophies that most people's opinions are going to fall under. His philosophy is that this is a separate fund for sewer. The sewer rate is supposed to pay for sewer maintenance. It is his opinion that the fund should be balanced. If the revenue coming in from the sewer charges that people see on their property tax bills is not adequate to maintain the 45 miles of pipe and the 16 pump stations, then we should consider whether or not to raise the rate so that revenue matches expenditures. He does support the new rate structure for that reason. The other way to look at it, and he thinks Mr. Chasin was bringing this up, is that the City as a whole could assume that liability or that responsibility. In other words, if what we were bringing in from the sewer charge was inadequate, then the General Fund, the City's all-purpose fund, could pick up the cost. He does not think that would be a smart way to proceed. This enterprise fund has been in existence for decades and the whole point of an enterprise fund is for it to be separate, accounted for on its own, that its money can't be spent in any other way, and that the fund be balanced. To him it is very clear that the rate that was last established in 1994, 20 years ago, is inadequate. He very much

supports moving forward with the new rate structure. A point that was raised earlier was what the General Fund balance was versus what is the fund balance of just this particular enterprise fund. If there is \$8 million of reserves in the sewer fund that is a different fund and a different set of money than the City's General Fund. Philosophically, he thinks it would be wrong to pull money out of the General Fund in order to set the sewer fund right. He'd rather see the sewer rates be adequate enough to support the sewer fund and all of its expenditures.

A question was raised about the City's investment earnings. He wanted to point out that when you are a City you have to balance the needs of protecting your capital versus the need to make money on the General Fund that exists. The City of Coronado, for at least two decades if not longer, has put a premium on making sure that any money we have invested is highly liquid and that it is not susceptible to being lost. Mayors and Councilmembers before him have said how much money the City has in the General Fund balance and so if we say that there is \$20 or \$30 million locked away in the General Fund Reserve, we want to make sure that money is accessible if there is an emergency. That is the whole reason we carry that sort of General Fund Reserve balance. The City's investment policy has been to protect our capital even if it means not making as much in investment income. While it pains us to only make 1% in terms of interest revenue, it would pain us even more if we lost \$5, \$10 or \$15 million of our General Fund Reserve in some sort of a risky investment that in the end cost us our capital. City Councils for quite a long time have sort of understood that you are going to lose investment earnings in exchange for keeping your capital secure and keeping it liquid. The number one investment fund that we tend to use is called the Local Agency Investment Fund (LAIF), which is a very safe fund that other cities and other municipal agencies put their extra money into. The reason we do it is the parameters for how the money is invested are very secure and we can get our money back quickly if we need to. He does support moving ahead with this new rate structure. He does not support using the General Fund as the way to offset the sewer fund in the years ahead as it is going to need to make replacements on sewer lines and sewer pumps.

Councilmember Ovrom mentioned the Stormwater system. This is considered to be a totally separate enterprise fund. You don't want to get those two mixed up. He thinks the Mayor did point out very adequately what we have been doing over the last three or four years. The City has been moving more and more of our income and expenses into separate accounts so that everyone can see what the answer is with regard to whether it is, for example, recreation or golf. This way there is a more one to one relationship between cost and revenues. Why do we do this? Some people will recommend that we sort of charge everything to the big General Fund as that and then it gets lost in the detail. Where we have been going is to try to not get lost in the detail so that the public won't get lost in the detail and that people can see what things cost and what the City is paying for them. This is in keeping with that. That is why it is an enterprise fund. In response to Ms. Croshier's question, there are no bonds on this one. This is a pay as you go. The City Council agrees with Ms. Croshier that this is the way to minimize the cost and that is to have enough money in the pot to pay for it so we don't have to borrow and turn around and pay twice or two and a half times what it is worth. He thinks we are following that prudent approach and the answer to that one is that as a commercial user your fees for sewer are going to go up by \$4/month. He thinks that is in keeping with what is necessary and so he is going to support the staff report and get on with it.

Councilmember Bailey is convinced that the rate from 1994 is no longer sufficient to cover ongoing costs, the future funding that will be required for the projects down the road. This is one of the basic services that the City provides that needs to work every single time. He also agrees that the enterprise fund and the General Fund need to be kept separate. He will be voting no on this for the simple reason that he thinks it would be more prudent to wait until the master plan is complete later this year. As the City Manager alluded to, we are not in a crisis mode right now. We do have time. He would rather get these rates right the first time and one time. That would be his preference.

Councilmember Denny also will be voting no for this as this is putting the cart before the horse and it is really too soon to decide on the rate hike, especially if you look on page 206 it just says that the following is a partial list of projects that are expected to be done. We know that in two years our own expert consultant says that we need to look at the rates again. This is too much too soon and it is a race to raise taxes which she thinks is a very serious business. She doesn't agree that a larger reserve is a good thing necessarily. It could mean that the public is overtaxed. Holding onto all the tax money and other funds that we receive in our General Fund might make us feel good, might make bureaucrats feel good, but it doesn't really make residents or taxpayers feel good because they feel like they are paying already through the nose to live in the best island and the best town in the whole USA so she really thinks that we need to stop overtaxing our residents and this is definitely overtaxing. We have heard reports that it is approximately a 50% tax raise. She wants to correct the record yet again that it is a nearly 60% tax hike that we are talking about. Residents have done the calculations. It is around 58% over time. She incorporated the speakers' comments into the reasons why she will be voting no on this. If we have \$8 million already in reserves and \$2 million coming in and there is no crisis right now and we don't have all the facts, we don't know what all the projects are going to be for our sewer and what we are going to need to spend the money on, it is actually doing a disservice to the public to race to increase the taxes right now and so she most definitely thinks that residents who have testified here or spoken here prior she wants to incorporate all their arguments, too. It is definitely a premature move to raise the rates right now. It is also too vague. We don't have all the facts. It is also unaffordable. Our people are completely overtaxed as it is and we should be collecting enough property tax to run our small City here efficiently for the public and it is also unnecessary at this point for all the reasons she stated above so she won't be voting for this.

Councilmember Woiwode began by saying that one of the reasons, when we talked about the timing of this, for acting sooner rather than later, is that we have seen that the decrement is \$1 million/year basically. The fact that we will have to change the list of equipment or get a more defined list of equipment in a year or two years and this will come back again and then we will be looking at strengths rather than EDUs in two years' time is fine but to wait means that the increase is ever so much greater. When you know you need to take action, waiting until you know all of the possibilities sometimes maybe just is too costly. We know it has to go up. We have a good reason for selecting the numbers we did and taking action now makes a lot of sense to him even though we know that there will be some course corrections needed later.

MSC (Tanaka/Ovrom) moved that the City Council adopt AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CORONADO, CALIFORNIA, ADOPTING REVISED SEWER SERVICE RATES

FOR SANITARY SEWER SERVICE AND AMENDING SECTIONS OF CHAPTER 60.08 OF THE CORONADO MUNICIPAL CODE PERTAINING TO SEWER SERVICE CHARGES. The Ordinance, having been placed on First Reading on June 17, 2014, was read by Title, the reading in its entirety unanimously waived and adopted by Council as Ordinance No. 2045. Mayor Tanaka added that the City only received ten written protests and that is not a majority of the owners of parcels within the City so the City can go ahead and take this action as a City Council.

AYES: Ovrom, Woiwode, Tanaka
NAYS: Bailey, Denny
ABSTAINING: None
ABSENT: None

The City Council went into recess at 6:05 pm.

The City Council reconvened at 6:12 pm.

8b. Public Hearing: Consideration of Environmental Initial Study Documents and Determination of Whether to Proceed by Negative Declaration, Mitigated Negative Declaration or Environmental Impact Report for Construction of the Coronado Senior Activity Center Addressed as 1019 Seventh Street and Located in the Civic Use and Open Space Zones. Ann McCaull, Senior Planner, and Bill Cecil, Capital Projects Manager, provided the staff report for this item.

Mayor Tanaka opened the public hearing.

Ella Croshier is a senior and has been to the senior center. She has a problem with this because, based on the amount of people that use this Senior Center, she is wondering if the cost warrants building another senior center. That place is very bad. That location. Parking is terrible there. She doesn't see how the City is going to improve that. If you make it more desirable, maybe a few more people will come but there are very few people that really utilize that place so we are going after a grant and we are going to pay for part of that grant. Sure we are going to get some money but then we are going to be paying for another facility. These are capital improvements but what is the most important capital improvement? She thinks maintaining the sewers is probably the best thing. This is what she means. This is why she is up here again talking to the Council because she doesn't see us just having an income to pay for high salaries, bonuses, pensions, and grants and all this other stuff when we have needed things that need to be done in this City. Infrastructure should take priority.

Francette Roeder stated that at the last arm chair travel, one of the programs at the Senior Center, they had 150 people attend. They had to turn people away because they were way beyond the fire code. They have since then, graciously, because they have so many people, they are now in the Community Center temporarily until the new facility is finally built. They have proven that if you

have an interesting program, people will come. The place will be filled. They have been at this for three years and eight months. Please no more delays.

Billie Stagliano, President, Coronado Senior Center, and lives in the Coronado Senior Apartments that the City of Coronado graciously built for some of the seniors that may have had to leave Coronado because they couldn't afford the rent. The Senior Center has provided free activities for many seniors in Coronado and every activity that they put on they do have many people attend and they are very gracious that they have a place to come to. She added something to the parking situation that apparently the architect was not asked to look at. As a supplement to the parking problem, there is a triangular parking lot across from the Senior Center and the Lawn Bowling area. It currently is marked for eight cars and she believes it is owned by the City. If it was more properly marked, you would be able to get at least ten and maybe 12 additional cars. Because it is owned by the City, it would seem to her that you could designate parking for the Senior Center between 9 a.m. and 4:30 or 5 at night when they are there. She would also like to mention that the Senior Center is not just a senior center. Much of the space, as was pointed out, is being dedicated to the Coronado Lawn Bowling Association. They are very proud that the two organizations have been working together and have been able to share the space together. They look forward to many years in the future of sharing this space and working together and providing activities for the people of Coronado. There are many people who had looked in the building and said that it is just too old and is falling apart. We need to upgrade it. Even though the seniors are older and have been around a long time, they still need a place to go to spend their golden years. She certainly hopes that we can speed up this process, as was just mentioned, so that the Mayor can cut the ribbon on opening day.

Seeing no one else wishing to speak, Mayor Tanaka closed the public hearing.

Councilmember Ovrom thinks that the design that has been produced is a good design. It follows what the Council has said. It lays it out in a very constructive way. That is the basis of a good project. He thinks the Council is willing to put the money to get it done and there is a schedule to get it done. That is not really the issue. The issue is whether or not a negative dec is the right answer or whether something like a mitigated negative dec is the right answer. He has a problem with a negative dec because of a couple of things. One of them is the parking. He thinks it is a disaster there now, particularly when school is involved. In noting the staff report, the staff report says that there is no good solution. He clarified that there is no good cheap solution. There are solutions. They are going to cost more money. What bothers him is that we haven't taken a check on those. For instance, one of the ones that the City Manager mentioned months ago was to do at the tennis courts up there what they did with the apartments on Second Street and put the tennis courts above the parking and put the parking under them. He has no idea what that is going to cost but the answer is whether or not that is a piece of the solution to a parking problem that exists today. He doesn't see anything in here that is going to solve that problem for him. That is one that bothers him. Another one is that he counted 14 trees and not 13 trees, some of which, in reading the arborist's report, probably need to go, although they don't have to. Some of them are in pretty good shape. The question in his mind is what kind of a mitigation, if he agrees with the layout of this building, are we going to do, as a City, as a tree city? Are we going to plant two for one trees somewhere else? He can't support a negative dec. He can support a mitigated negative

dec and cause people to go back and look at what is going on here. Personally, he doesn't know whether it can be done at the same time as the design. He thinks the design is going to be fine.

Councilmember Bailey can support a negative declaration. The City is not obligated to provide parking in that area and he does think that given that it is a very flat area, for all of the talk that we have parking problems there, it is very easy to park within a block or two and walk a block or two. He did like the one suggestion of perhaps designating the parking lot that is somewhat adjacent to the proposed Senior Center as, during certain hours, being only for seniors if that can be done but he is fine with the staff recommendation of a negative declaration.

Mayor Tanaka pointed out that he is also fine with the staff recommendation of a negative declaration. He foresees that there might be some issues with parking but he thinks that they are issues the City can work through. He also thinks that with our seniors we have a unique opportunity to come up with solutions that don't have to be turning the tennis courts into parking and doing things where we tear up the physical space and create parking when we could come up with other possibilities such as a volunteer movement of people or something else. He would rather see the City put time and effort into something that gets seniors from point A to point B rather than encouraging them to drive more. He would also like to get to the point where the facility is up and running and when we have a little better understanding of what our clientele want or how they act then we can respond appropriately rather than guess. He does agree that the negative dec is the appropriate way to go at this point.

Councilmember Woiwode started by clarifying that the Council is not making specific comments about what has been presented today. That is to say, whether we like the angle parking or not. That is not part of the discussion.

City Attorney Johanna Canlas agreed and stated that what is before the Council is whether or not you have direction for staff as to what level of environmental review they need to move forward with.

Mr. Woiwode asked if the Council would still be able to deal with those specifics in the future as we get more specific with the design.

Ms. Canlas added that the neg dec will be available for comments and at that time the public can comment on the document itself and that will be before the Council.

Mayor Tanaka commented that one can even think of it as two tracks. One track is the neg dec that handles the environmental part and the other is, as the design becomes more crystal clear, the Council will still be able to make comments on the design.

Mr. Woiwode thinks that the issues Mr. Ovrom brought up are ones that will need to be addressed but he also thinks that it doesn't trigger the need for a mitigated negative declaration. He is supportive of the negative declaration.

Councilmember Denny is very much in support of the Senior Center and has been unwavering in her support but it is very difficult for her, as an attorney, to accept the City staff's recommendation

saying that such a major capital project has no environmental impact. She thinks it is asking an awful lot of this body to make that statement and it does defy logic for the tree issue and the parking issue. In the agenda on page 337, there is an email from the Library Trustees writing to the City worried about the parking. That raises a red flag that shows that the City should do more than the negative declaration to be fair to everyone. She has heard from members of the community that they are worried about a full year delay if we don't take the staff recommendation but that is not necessarily a founded fear because we have the power as a body to internally fast track this project with our staff and find ways to make it go fast while we do not cut corners and actually do the project right. It is such an important project to us and she wants to make sure it is done right so, unfortunately, she can't support the staff recommendation but she is looking forward to the Senior Center.

MSC (Bailey/Woiwode) moved that the City Council recommend the preparation of a Negative Declaration.

AYES: Bailey, Woiwode, Tanaka
NAYS: Denny, Ovrrom
ABSTAINING: None
ABSENT: None

9. **ADMINISTRATIVE HEARINGS:** None.

10. **COMMISSION AND COMMITTEE REPORTS:**

10a. **Presentation from the Representative to the Sharp Coronado Hospital and Hospital Foundation Regarding Implementation of the Second Owner Participation Agreement.** The presentation was made by Carrie Downey, Dr. Susan Stone and Nora Boswell. Ms. Downey provided some history on the partnership between the City and the Hospital Foundation. She spoke about some of the projects that were completed due to the City's financial partnership. To date the funds that have been transferred from the City have been \$7,644,900. The last two items are future projects that are part of the scope of work between the City and the Hospital in the OPA and because the City Redevelopment Agency was closed and we now have to work through the requirements with the State, the funds have been put into an escrow account and they are waiting to be appropriately spent according to the scope of work. They were listed as the Campus Master Plan.

Dr. Stone expressed their sincere appreciation for the partnership with the City of Coronado. They couldn't have done this work without the support from the City. The Hospital is a vital community resource to the community of Coronado. They are committed to making sure our community is healthy and well and they look forward to future partnerships with the City of Coronado and appreciate the support.

Ms. Downey asked Dr. Stone to talk about the things the Hospital is doing to deal with parking issues.

Dr. Stone explained that recently they had a generous donor, Mr. Michael Dorn, who helped create a partnership with the Marriott. They currently have 25 valet spots where they park for patients and community members who might like to use valet but they have expanded that with Michael Dorne's support to 50 spots for employees. On July 1, they began an employee parking program with the Marriott to offload 50 employee cars over to the Marriott and then they also have just recently conducted a parking feasibility study to look at how they can better use valet services as well as loading and unloading zones in front and on the side of the Hospital to be more beautiful for the Island of Coronado but also to be a little bit less impactful to the street.

Mayor Tanaka asked if they had considered options for Soledad.

Dr. Stone stated that they will be working with the City of Coronado engineers to review their recommendations but they did create a pull-through on the Soledad side as well to make it possible for valet on the Soledad side.

Ms. Downey also introduced Nora Boswell, the Director of the Coronado Hospital Foundation.

Ms. Boswell expressed their gratitude for the partnership with the City. It is so unique. When she looks across the system of the foundations of Sharp Health Care, there are so many people who really wish that they had this type of support from their communities. It is making a difference.

11. CITY COUNCIL BUSINESS:

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

Councilmember Ovrom submitted a written report to the City Clerk.

Councilmember Bailey submitted a written report to the City Clerk.

Councilmember Denny will fill in for Mr. Ovrom at the MTS meeting. She reported on the SANDAG Shoreline Preservation Committee and referred people to the SANDAG website for the surf rider surf spot report as well as the Shoreline Monitoring report from SANDAG. She reported on the Metropolitan Wastewater JPA by repeating that the City will be getting the cost figures shortly for the Pure Water recycling project. There is a request from the Metropolitan Wastewater JPA that they come and present to the City Council again to see if the City Council will accept a factual report on the progress of the Pure Water project.

Councilmember Woiwode submitted a written report to the City Clerk.

Mayor Tanaka attended a reception that the Island Film Festival put on for "Some Like it Hot." He gave a State of the City address to the Optimists; had a chance to attend the Islander Sports Foundation Golf Tournament; did the circumnavigation bike ride; thanked Mr. King for working with the organizers of that bike ride and getting police involvement; reported that members of the Gary Sinese Foundation put its muscle behind a screening of "Travis: A Soldier's Story" about a quadruple amputee, which was held at the Village Theater.

11b. Consideration of Appointment of Two New Members to the Design Review Commission. Mayor Tanaka shared with the Council that there are four applicants for this commission but the first two applicants, Marshall Franklin Brown and Donna Eibert Crossman, are both applicants for one of the seats that requires the person to be a design professional. The second set of applicants, Jon Ryan and Julia Viera, are applying for a position that requires someone with a business background. Unless the other Council members object, he believes we are supposed to select between the first two and then the second two.

Mayor Tanaka reminded the public of how the Council handles appointments to City commissions. He invited the applicants to address the Council. Ms. Crossman and Mr. Ryan spoke.

The City Clerk called out the names and recorded the votes for the first round of voting as follows:

Marshall Franklin Brown, Jr.	one vote
Donna Eibert Grossman	five votes

MSUC (Tanaka/Ovrom) moved that Donna Grossman be appointed to a three-year term on the Design Review Commission expiring on July 31, 2017.

AYES:	Bailey, Denny, Ovrom, Woiwode, Tanaka
NAYS:	None
ABSTAINING:	None
ABSENT:	None

The City Clerk called out the names and recorded the votes for the first round of voting as follows:

Jon Ryan	four votes
Julia Viera	four votes

The City Clerk called out the names and recorded the votes for the second round of voting as follows:

Jon Ryan	four votes
Julia Viera	one votes

MSUC (Tanaka/Ovrom) moved that Jon Ryan be appointed to a three-year term on the Design Review Commission expiring on July 31, 2017.

AYES:	Bailey, Denny, Ovrom, Woiwode, Tanaka
NAYS:	None
ABSTAINING:	None
ABSENT:	None

11c. Consideration of a Proposal to Designate the Third and Fourth Street Corridor as "The Coronado Avenue of Heroes" and Implement a Hometown Hero Banner Program. Tom Ritter, Assistant City Manager, provided the staff report on this item.

Councilmember Denny thinks this sounds like a wonderful program. She has had some concerns from residents who say this is a wonderful program but what about the safety factors. Can he talk about the Huntington Beach program and how the banners will be and how high they will be and the size they will be and how it will or will not impede in our vision when we are driving.

Mr. Ritter explained that the City will have to get an encroachment permit through Caltrans and we will tell them exactly the size of the banner and the height of the banner so they will not impede traffic in any way. They will be much higher than a typical vehicle that would run on the street and it wouldn't impede into the travel lanes.

Ms. Denny commented that this is a major thoroughfare under the control of Caltrans and there will be some cooperation required for this program.

Mr. Ritter responded that typically they would issue an encroachment permit for two years that the City could remove and put up new banners.

Ms. Denny asked if he or staff has had any comments from the residents either in the Third and Fourth Street group or outside of the Third and Fourth Street group that they are concerned about funding, that they won't be able to make funds.

Mr. Ritter hasn't heard concern about funding. He thinks there is a little bit of a concern that people don't want to appear as if they are buying their own recognition or that someone is purchasing the recognition. If the City funded the program, there wouldn't be that issue; it would just be if someone feels that they qualify, someone would sponsor them or they could put in their own recognition and then a local community group would help prioritize those and determine which ones would go up on the pole.

Ms. Denny has also heard from residents that it is better for the City not to be involved and just to have the group involved themselves so the less control the City has the more the program will be of the people.

Councilmember Woiwode asked if the 19 locations of these banners that are mentioned in the staff report are on both Third and Fourth Streets.

Mr. Ritter responded that they are.

Mr. Woiwode surmised that there would be roughly 10 on each street. That would make it about one a block or maybe a little more.

The Mayor invited public comment.

Charlotte Butterfield objects heartily as she doesn't like anything about it. She is very opposed to any further distraction to the drivers. We already have 77 signs on eight blocks between Orange and Alameda plus 16 more street signs that she didn't count in that. Those are necessary signs directing the traffic. The main thing is that she considers the signs to be enough. She lives in the

400 block of Third and grew up in the house she lives in. She feels very threatened. In the last six weeks, they have had two serious accidents in her block. The accidents have been serious. Property owners on Third and Fourth are underrepresented on this. They have to have a voice. She just told seven of them yesterday and none of them had ever heard of it and all were horrified.

Brian Evans is a new member of TAF and is optimistic about the future and addressing the concerns of the residents on Third and Fourth and their coexisting with the Navy. He has questions he would like answered before being able to give support to this program. He thinks the intention is honorable and valid and positive to foster some beautification possibly but he is not personally convinced and feels that we may be a little bit too far out over our skis at this point.

Toni McGowan has learned a lot going through this process and did not know a lot about local government when she started this project. She understands Ms. Butterfield's perspective and respects her. She understands that traffic is a problem. They have made such great progress with the Police Department. They have given the area its own sergeant. One of the problems, even though they have done exhaustive work getting the word out, is that some people are just hearing about this work. They don't know that they have their own police officer to call. Will the banners cause more traffic problems? She checked with other cities. She called their police departments. They did not find that to be true. She didn't do a research protocol that she can present to the Council but she did talk about San Diego and they talked about Harbor Drive with all the baseball players up and that there has been no increase in accidents.

Ms. Denny wanted to ask Ms. McGowan if she has any concerns about funding. She is happy, on the one hand, that our City wants to look after her, but on the other hand she has such great faith in Ms. McGowan and her team and her leadership skills that she would like to see them handling this project.

Ms. McGowan explained that they have been working with the VFW. She has spoken with Chuck and Karen Lucas several times about this. She has spoken with Bruce Linder at the Historical Society. She thinks that they can collaborate. She thinks they can do some nonprofit fundraising and the City could manage that for them so that those funds could be directed into that project. That would be her thought and hope. They want to have the historic feature. They would like to see some of our long time military people here that have been gone many, many years on the banners. It is in so many cities. It is in Temecula. It is in Murietta. This is not a novel idea that they came up with. She brought a pile of things to Mr. Ritter and he did a great job of funneling that down into a nice, concise report. She knows there are still things to be sorted out but feels that can happen.

Mayor Tanaka has heard a lot of unanimity in that people really admire how Ms. McGowan has gone about this. What is nice is that a lot of people become cynical pretty quickly when the doors don't open just right off when their idea doesn't get floated along as quickly as they want it to. He thinks that Ms. McGowan has stood out a little bit in that she has maintained that optimism and that drive for this project. He doesn't know what is going to happen but he hopes that she continues to have that optimistic, positive outlook as we keep figuring out what we are going to do along Third and Fourth.

Ms. McGowan doesn't want to take credit for this. It is the wives that lost their husbands and the moms that got a hold of her on the Facebook pages and moved her to know how important this was to them, to the people that lost them. That is what drove her. She couldn't let them down.

Julia Viera did have an occasion to install banners on a civic project in San Francisco twice. She was thrilled to death and so enthusiastic. The problem with them is that they don't last. They lasted just three months and looked ratty and tattered. That is something that needs to be considered.

Mayor Tanaka hasn't made up his mind. He doesn't object to a banner program. He doesn't object to an Avenue of Heroes program. He has some small comments. First, he has always hoped that the City could come up with a better name than Avenue of Heroes simply because we are dealing with more than one street. It is a designated highway so maybe Highway of Heroes might be a more appropriate term for something that encompasses both Third and Fourth Streets. That has always been a hang up for him.

If we do move forward with a banner program, it is important to him that you don't just get to buy your own banner. He would rather see the City pick up the cost and do it right and manage it properly than create a system where someone could pay \$5,000 or \$10,000 and now a loved one is on a banner. That isn't what he wants and he doesn't think anyone wants that out of a program. He does like the staff recommendation in front of the Council. He does like the way it is being handled. For him, the most important part is in the staff report on page 386 when it says that the criteria for recognition could be developed with TAF and other organizations. Whatever criteria are developed, he thinks they need to come back to the Council to make sure that we agree with whatever the criteria, whatever the process will be. He also would say that if it comes to that and we are developing such criteria, we have such a wealth of retired and active duty military officers that they really should be part of the process. He would be happy to see CHA be part of this because Bruce Linder is a retired and respected Navy Captain. We have all sorts of people that we could draw on that could give valuable advice about who we want to recognize. He certainly doesn't want to give the impression that unless you are a Vice Admiral you don't get a banner. He wants to make sure that whoever we put up on those banners the community embraces the idea that it was egalitarian and fair and really is representing the best of Coronado in the military. As far as the cost goes, we cover the cost of the banners we put on Orange and on the Strand. We cover the cost of the flags we fly that are Coronado and US flags so if this means something to the City, he thinks it would be disrespectful for the City not to be willing to cover the costs. He also thinks that there are enough people trying to raise money that we don't need to throw another fundraising burden on them. He is not excited about telling CHA or MainStreet or all these groups that already fundraise to fundraise some more. He thinks that is something that the City can cover and should cover if we adopt such a program.

His one concern is that he is not sure that we are really doing the people the justice and the service that we want to do if we do it this way. He has seen banners hung in Little Italy and Harbor Drive. A banner is only good if you have a good opportunity to observe it. People have talked about some of the crashes that happened on Third and Fourth. The way these banners are designed they are designed for the motorists to see them. Ms. Denny asked an appropriate question about safety and those banners and how high they will be. In some ways it doesn't matter how high because if

the point is to get the driver to notice it, respect it and like it that means that the driver's focus is away from the road. For him that is a concern. He is not sure if this is the right program, if we aren't actually creating a program that is ideal for people to recognize it. When he looked at the picture that was provided in the staff report, for him it was most optimally viewed by someone who was a pedestrian. If you are on the sidewalk and you stop and look at it that is not a safety problem. Maybe that is a good enough reason to proceed. He doesn't think it is a very good idea for our motorists. He is not sure that he has been convinced that we should move forward on the banner program if that is what we are going to do.

Councilmember Ovrom thinks that we talked about many of the issues that are out there and he does not think the issue is the idea but he is having a little trouble with the one Mayor Tanaka pointed out which is a criteria to be developed. Before we went too much further, he would want to see the criteria. Before too much staff time goes into this, he would want someone to be looking at that to see if we can come back with some ideas. The worst thing we could do is to not have the criteria so that everyone agrees with it.

Mayor Tanaka asked Mr. Ovrom how he feels about this idea if a set of criteria is developed. Are the banners something Mr. Ovrom could support?

Mr. Ovrom responded that they are.

Councilmember Bailey knows that he has not been on the City Council for that long but in that time he has yet to find someone as passionate about a cause as Ms. McGowan is along with everyone from the Third and Fourth Street Neighborhood Association. When he says 'cause' he is not just referring to this banner program or the Avenue of Heroes but really turning Third and Fourth Street into a community. He thinks that is what they have done. This positive energy is something we really need. So many times when he hears about issues from residents they have a negative tone. This group is really trying to take a positive spin on things and this is one of those elements that is fostering a better relationship with the Navy. It is creating a sense of community along Third and Fourth Streets. He is very supportive of the banner program. Of course, there are details to be worked out. His preference for proceeding would be to direct staff to put together a resolution for either the Avenue of Heroes or the Highway of Heroes designating Third and Fourth Streets as such and then directing staff to work with TAF, CHA and the VFW to come up with a set of criteria, subject to Council approval, to be used for the selection of heroes for the banner program. That is how he would like to proceed. We should take this as an opportunity for the Council to give this a shot to see if we can help TAF turn this into even more of a community than it is already becoming.

Mayor Tanaka suggested that Mr. Bailey continue to listen to everyone's comments as he shepherded this program to see if he can come up with a motion. He thinks Mr. Ovrom's comments are pretty good and agrees that it might be a good step to have the Council see the criteria before taking a position.

Councilmember Woiwode is willing to give it a shot. And he believes that the City's involvement to ensure the long-term viability of the program is an essential element. He would want to go a step further and ask how this ends. How does this eventually go away? It isn't that we want it to

but everything does sooner or later. He thinks an essential element of whatever plan gets put together is to have a periodic review of its effectiveness, whether the emotion is still behind it, whether the terminology is still behind it, whether we are still getting nominations. He does not want to see the City inherit a program that the public has lost interest in. He is happy to see that the City is going to make sure that it gets done but he would couple that up with a periodic review, perhaps an annual review, of the continued viability of the program.

Councilmember Denny wanted to give Mr. Bailey direct feedback for the crafting of his motion. She thinks he should remove the 'subject to Council approval' requirement. She thinks the program, which has the potential to go on forever as there are so many heroes in Coronado and we are a Navy town and it is a highly appropriate project and very enthusiastic about it but she thinks that making it subject to Council approval has the potential for councils, in the future, to perhaps politicize the project and it sounds better to her to make the project of the people, by the people and for the people, and to have the TAF group and the VFW and CHA work in concert with, be it the City and/or Caltrans, for the project. She would hate to see the public lose interest in the project because it becomes politicized in the future. She would like very much to just honor every single hero that we have forever.

Mayor Tanaka does feel he can support this program. He has confidence in the groups involved that they can come up with criteria. The area where he differs with Ms. Denny is that he thinks the buck does stop with the Council. The public expects the Council to put a program together that makes sense and is fair. He thinks she is right that no one wants to politicize it and he is not saying we should set up criteria that discriminate and knock people out. Some of the things that are already in the staff report such as being honorably discharged is the type of thought that he wants to make sure goes into this. Something else might be if a nominee is deceased, is there a relative alive and living in Coronado? Those are things that are not political that he wants to see again before giving a final approval.

Mr. Bailey asked Mayor Tanaka and Mr. Woiwode a question. Do they think that a sign of viability, a sign of the public interest, would be for the ability of this group to collect funds to support the program? He thinks that would be a good sign that the public is still behind it versus putting the financial burden on the City. He would be happy to support the program either way.

Mayor Tanaka responded by saying that if the group wants to donate money towards the cause that they are working on he thinks that is great. He is not going to deter that. But he does not want money to be the deal breaker in this. This is one of those things where it is either a good idea or a bad idea. It is either something the City should support or shouldn't. The City pays for all those other banners. The City pays for them because it cares about the *Wizard of Oz* convention and the *USS CORONADO*, etc. It would be a half-hearted approach if the City said to move forward with all of this but have the group pay for it. He is not against fundraising but fundraising is an onerous thing to always worry about. He would rather put the focus on a good idea and if you can raise money, great, but he doesn't want that to be the issue.

MSUC (Bailey/Tanaka) moved that the City Council direct staff to prepare a resolution of the City Council of the City of Coronado to symbolically designate the Third and Fourth Street Corridor west of Orange Avenue

as “The Coronado Avenue of Heroes” and implement a companion Banner Program, pending Council approval of criteria proposed by CHA, TAF, VFW and City staff.

AYES: Bailey, Denny, Ovrom, Woiwode, Tanaka
NAYS: None
ABSTAINING: None
ABSENT: None

11d. Authorization for the Director of Engineering and Project Development to Amend Encroachment Permit No. E1403-004 and Authorization for the City Manager to Issue a Commercial Use Permit to Allow the Installation of Permanent Outside Dining Amenities at 1107 Tenth Street to Encroach Along the Front of the property into the City Right-of-Way. Blair King, City Manager, introduced the item. Tom Ritter, Assistant City Manager, provided the staff report for this item.

The City Council went into recess at 7:24 pm.

The City Council reconvened at 7:29 pm.

Mr. Ritter continued with his report.

Councilmember Denny commented that the City has received three blue sheets on this item. One resident objects, MainStreet is a yes with reservations, and the owner has submitted a letter saying that she is willing to give resources towards cooperating with the City under a permit. Other than those, have there been any phone calls? Are people speaking with staff about this?

Mr. Ritter responded that he has not heard from anyone else on this item other than Council members.

Mayor Tanaka has been continually frustrated by the number of restaurants that don't seek permission to use the City's right-of-way and think it is just okay to throw some chairs and tables out so he really does appreciate that this particular establishment has done that. He shares some of the concerns he heard at the last meeting but his concerns are satisfied because he thinks that the tables have been moved in as far as you could move them and the bistro tables, when locked down, will not be able to be moved and/or have four chairs put around one. That helps keep the tables and chairs where they are supposed to be. To him this confirms what already exists. There is already a mess out there because that particular establishment's different venues and facades are doing well and he thinks this is a reasonable compromise to support the patrons that we already know exist but to do it in a way that keeps the 7'4" of sidewalk clear. He also wanted to point out what we have done on the 100 block of Orange was to accept that what was done might create impediments to pedestrian traffic but decided that the 7'4" of clearance would be sufficient. He does not want to penalize someone who has played by the rules and met those same standards. He is going to be willing to support this request provided the picnic tables and bistro tables are securely fastened to the sidewalk.

Councilmember Ovrom agrees with Mayor Tanaka; however, when he looks at page 407 and the term of Permit 4.2, giving them five years is a little bit much to start with. He would recommend an expiration date of 2015 with the possibility of four option years. It is a very unique situation there and he thinks we all recognize that there have been a lot of problems in that area. He thinks it would be good to have everything come back to the Council in one year.

Mayor Tanaka concurs with that.

Councilmember Bailey could support that.

Councilmember Denny does not have a problem with the year 2019 or with the way the permit was written by City staff. She would be happy to support it as is but could also support Mr. Ovrom's suggestion, too, if there is a majority on City Council for that. She is concerned about nailing things or securing or fastening things to the sidewalk. She thinks that does a few things and maybe some unintended consequences. The first one is if anyone ever needs to get underneath the sidewalk to do some work, it just gives them another obstacle, time and money, to try to remove the furniture before having to get in to do any kind of work for the business or any other agency that has things in that area. She does have concerns because the citizens are coming to us with their concerns and she prefers the bistro table to the picnic table and she was wondering if everyone is sold on having the picnic table. It seems like the residents are so concerned about the homeless population and she thinks that is something that might be welcoming.

Mayor Tanaka guesses it wouldn't bother him if they were all bistro tables but he doesn't want to second guess the applicant to that extent. In other words, he thinks that the picnic tables are a reasonable request and if that is what they requested, he is willing to give it a shot. He also thinks that if you couple that with Mr. Ovrom's suggestion that we come back and renew this in a year. That also gives us a chance to see if it is working or not. He thinks Mr. Ovrom's approach allows the applicant to try it their way. He thinks they would agree that if for some reason this becomes a homeless shelter, they would want to switch it out as much as the City would. He would rather leave the ball in the applicant's court.

Ms. Denny returned to the idea of nailing down the furniture or not. She disclosed that she is a frequent customer of Clayton's Mexican Take Out and if she sees the tables askew, she and her husband will just move them back. They are very busy there. It is a thriving business with lots of young people, lots of military and old people, too. She doesn't think it is necessary to nail it down. We can be a little neighborly and cooperate.

Councilmember Woiwode commented that the City does not have a definition of outdoor dining. It is referenced in the Orange Avenue Specific Plan and the City says it is something it wants to encourage. When you think about that and you think about the 100 block of Orange, he thinks that is the type of outdoor dining we want. Service is provided. It is managed. They say there will be no more than 18 people and they are managing that. They are cleaning up after the patrons, bussing the tables, using their own trash receptacles, and they are keeping them in a constrained area. What we have here is a picnic area. It is not outdoor dining. You could take your sandwich that you got at Clayton's and just as easily take it across the street to eat at Rotary Park. Or you could show up at Clayton's with a sandwich you purchased somewhere else. It is not outdoor dining. It is not

serviced. It is not managed. The tables move all over the place. If they were bolted down, you still will have people sitting on the benches eating. They will still be using the City trash cans which will still be overflowing and it puts the burden on the City to manage it. His idea of outdoor dining is that the proprietor is getting the use of City property in return for which he is going to manage it intensely and not put a burden on the City. He thinks we have a basic problem here with the type of business that this is and what we envision as far as the precedent that we want to set. The discussion the Mayor brought up about other places along Orange Avenue that are not as considerate as this applicant is begs the discussion of what could happen if the businesses are allowed in the Caltrans right-of-way. He doesn't want picnic areas out there. He wants managed outdoor dining. He sees this as precedent setting because he thinks it will go around the corner and will wind up being the thing the City does in other places such as the yogurt shop and other places that are putting tables and chairs out front and he would like to see it not wind up being a burden to the City. If the proprietor were willing to manage the area and make sure it is Clayton's customers using the chairs, are willing to have their own trash and service the trash, clean up spills and run it in a way that is consistent with these other properties or the way he envisions such things should be done, then he would be supportive of it. There certainly is a public demand for it. We haven't seen this business manage that space in the months that this has been discussed. He has more photos to show. People are all over the place. He would see a lot more restrictions being needed in order for this to be acceptable but he goes back to the question of whether or not the City wants to provide picnic areas. If we do, is this where we want to have one? He is not supportive of what he sees in front of him now.

Mayor Tanaka shares many of Mr. Woiwode's concerns but he is willing to give them a chance on this proposal. Some of the things Mr. Woiwode mentioned about whether they would, with their own manpower, maintain the area, etc., are contained within the requirements of the Encroachment Permit. He thinks Mr. Woiwode is right to have his concerns. It wouldn't be the first time that the City put conditions in that end up being ignored but that also is the beauty of Mr. Ovrom's suggestion that if we review this in a year, the same way we scrutinized The Firehouse and Nicky Rottens, this would be a similar trajectory. He also thinks Mr. Ovrom brought up something very important when he said that this location is unusual and unique. Part of his concern is that it is already being used in the way Mr. Woiwode described so do we ignore that, clamp down on that or do we try to come up with something that is maybe a little bit more of a compromise so that what does go on there is more manageable and so on. By bolting the furniture down, putting the limits on that have been set and putting the conditions in the Encroachment Permit, he is willing to give them a chance.

Mr. Woiwode asked for one further consideration. Mayor Tanaka is referring to the statement that the Commercial Use Permit will require the applicant to maintain the outdoor dining area in a clean and safe manner and the adjacent City trash receptacle is clean and free from overflowing trash. Would Mayor Tanaka be willing to consider adding that they would provide their own trash receptacles and maintain them?

Mayor Tanaka asked staff if the City has that requirement of anyone else.

Mr. King responded that the City has not. The issue has typically not come up before and most of the other encroachment areas are confined.

Mr. Woiwode added that in the case of the 100 block of Orange they are bussing the tables and are putting the trash in their trash cans. They are not going out and putting the trash in the curbside trash bin. Because it is a constrained managed area they are using their own trash and we are expecting that.

Mr. Ovrom mentioned the MainStreet meeting. One of the owners of the shops next door pointed out that Clayton's does have a dumpster in the back so it is not as if they would not be able to take the trash and put in the dumpster if so required.

Mayor Tanaka noticed in the report that it talked about compacting the trash and things. It is on page 409, Item 8.4. He thinks it might be a reasonable compromise to put another trash can in. He likes the way it is written. It states, "The permittee shall routinely inspect, compact, empty and clean any City trash container along its Tenth Street property frontage so as to contain all trash." He certainly wants to create opportunities for them to take care of that. If they have a dumpster, they should avail themselves of it. Maybe the City needs to put in another trash container as well. He knows that in front of Panera or Starbucks there are recycling cans as well as trash cans. Maybe an extra container would help as well.

Mr. Woiwode thinks that the point is that the business doesn't have the trash container so the expectation here is that it is the City's problem.

Mayor Tanaka thinks that the City is saying that the permittee will be taking care of that now with these conditions. We are trying to shift the burden. If we come back in a year and say they were not making a good faith effort that would be grounds to say that Mr. Woiwode's concerns were confirmed. He also wants to give them every chance possible to succeed.

Mr. Woiwode would feel a lot better if there were a trash container alongside the building and it was the Clayton's trash container as opposed to people walking across the sidewalk to throw their trash away in the City container.

Mayor Tanaka pointed out that a motion could include direction to staff to look into whether or not another trash container is needed. He assumes that if they are going to maintain one they will maintain both. If they don't do that, in a year we can say thanks, but no thanks. If we can move forward with everything else and, on our part, make sure we think there are enough trash containers, he hopes that might work.

MSUC (Ovrom/Bailey) moved that the City Council authorize the Director of Engineering and Project Development to amend Encroachment Permit No. E1403-004 for the permanent improvements located at 1107 Tenth Street and the City Manager to issue a Commercial Use Permit to allow the use of permanent outside dining furnishings in the City right-of-way with a modification to Permit Term 4.2 that the permit shall expire on the 30th of June 2015, with the possibility of four option years, and the proviso that the permittee will empty the City's trash containers.

AYES: Bailey, Denny, Ovrom, Woiwode, Tanaka
NAYS: None
ABSTAINING: None
ABSENT: None

11e. Consider Exception to Municipal Code Section 20.30.040 When Considering Request to Hold a Half Marathon Beginning in Tidelands Park and Traversing the San Diego-Coronado Bridge on Sunday, October 12, 2014. City Manager Blair King provided a brief introduction to this item.

Lee Ann Yarbor, applicant, provided additional information on this event.

Councilmember Denny asked Ms. Yarbor to provide the estimated positive economic impact to Coronado.

Ms. Yarbor responded that they have a three-month period right now and are also working with the Marriott. They are estimating, for this first year, 2,000 to 4,000 runners for the first event and then next year they hope to double in size. They also wanted to propose that this race be in late September next year. October 12 was selected this year because that was the only date that Liberty Station had available. Typically, they would like to do early October or late September.

Councilmember Woiwode asked who they have received permits from to date.

Ms. Yarbor responded that they have received verbal permission from the Port of San Diego but it is contingent on the approval of Coronado. The same is true of Caltrans. The City of San Diego and Liberty Station have approved this event.

Mayor Tanaka asked the City Clerk a question. If this event was approved for 2014 and then in the pipeline for 2015, are there any other races we have in September?

City Clerk Mary Clifford responded that Superfrog usually takes place on the last Sunday of September. The Art Walk weekend is also the second weekend in September.

Mayor Tanaka knows that the Navy Ten Miler wants to be in October of 2015. They feel they should have first consideration as they have played by the rules. If they were to get October of 2015 are there any other months that are 'empty'?

Ms. Clifford explained that the City doesn't allow special events to take place between Memorial Day and Labor Day, except for the Bike the Bay so that limits the months. She thinks March might not be a bad month.

Mayor Tanaka feels that is something the City would have to work on. The person who spoke under Oral Communications is in the pipeline so that when this October comes up, his request will be for October 2015 and he doesn't want another group that didn't follow the City's guidelines to jump ahead of him and to take that October date.

Ms. Denny added that he reported an estimated \$1.6 million economic impact to the City.

Helice Bridges, Difference Makers, is honored to be here with Lee Ann as they will be the recipients of some of the funds. She met with Principal Moore to talk about whether she would help to support this. They will be teaching the teenagers at Coronado High to teach the middle school and elementary school students how to acknowledge the worth and importance of people, how to support everybody's dreams, how to raise the spirit of the school so that everyone is together. This is a beautiful contribution.

Mayor Tanaka sees some pros and some cons. The two pros are that there is a local set of benefactors and the event should have a minimal impact on Coronado. He has had some concerns about races in the past but so far he has to say that they have been well run and the early morning time frame seems to work. He sees one obvious con and that is that this particular group doesn't have a good track record with the City. He thinks everyone is concerned about the extent to which this group has events without permits, has been contacted by the City and then has continued to advertise its events in spite of not having permits. He thinks that is something the Council needs to weigh. Why would you reward a group that has done that deliberately? He thinks the Council should talk about that. If we can get past that, then there can be a decision as to whether the pros outweigh the cons or whether or not that should disqualify this consideration and put them back into the normal pipeline that everyone else is in.

Councilmember Woiwode has more cons in mind than Mayor Tanaka does. The first is the importance of the City's process. When the City opened the window a few years ago and said it would be willing to do additional events beyond what already existed on a routine basis, the Council made it clear that it wanted to stick to this process, wanted to understand the finances of the organization, how the money was working and the priority was that the City would support local organizations, not for-profits as this is who are making a donation to a charity. It is a much different model. In his view, if the Council is committing to the residents that it is going to use municipal facilities for an event, it ought to be an event that is coming from within the City and not an outside organization that is going to add some benefit to nonprofits who are in the City. The process is the context in which the Council considers all of these factors. The full application comes in with all kinds of information about the organization that the Council hasn't seen yet in this case. Even worse than that is the precedent we set by not following the process. Do we want to jeopardize the process we have in place? Do we want to say to grab a Council member and we'll bring to a Council meeting and skip the process? There might be occasions when we want to do that. For instance, the Tour of California wants to talk to the City about riding through the City. That is a really large stage. We might want to talk to them outside of our normal sequence. He does not feel that is the case for an event like this.

Mayor Tanaka asked how we decide when to make that exception.

Mr. Woiwode responded by saying that when a state organization comes to the City, says it is planning routes for their event and would like to talk about having it go through Coronado would be a case where the City would have to consider it outside of the normal process. The City may still say no but it will have to be handled outside the sequence because the City does not have control of it. The City does have control of this. Finally, the City has a half marathon in November.

If we are trying to be choosy about what events to support, he does not know why we would stick another one in October. He doesn't see the sense in it. The most critical thing to him is supporting our process. He added that he is personally upset about this group as he has spoken with them in the past, too.

Councilmember Denny does not have any personal upset with the group. She would like to show Mr. Woiwode some support with his concerns about the request today. She echoed his concerns and added that the real question is whether we should just let anyone cut to the head of the line and if we are, is it going to be someone with a track record of not following our rules. Do we break a rule for rule breakers or should we just not break the rule at all? In government, the only thing we have is process and we should have a fair process. She cannot support the request today but does encourage the group to come back and go through the process.

Councilmember Bailey agrees with Mr. Woiwode. He believes that any organization should have the opportunity to contact a Council member and try to make a pitch for why we should make an exception to our Major Event process. If there is a compelling enough reason to make an exception, that could be heard by the entire City Council. In this case, he feels like this is an instance where they are rushing to get this through because there is a certain date in mind so there is not a compelling enough reason in his mind to make exception to the current process.

Ms. Denny asked for clarification on what Mr. Woiwode supports as far as requests outside the process.

Mr. Woiwode commented that there is no reason why a Council member can't put something on the agenda. For him, to deviate from the process there needs to be a really compelling case.

Mayor Tanaka thinks that this reaffirms the Council's commitment to that process. He added that each Council member will have to use his or her judgment from time to time to see if the policies that have been set produce the desired results. He thinks that it is possible that the race could be held in October 2014 and not necessarily be a big deal but there are two concerns that sway him towards not approving this request. The first is to what extent it will complicate the other items in the Major Special Event calendar. That is the strongest point that has been made. Will this have a ripple event on those other events? That might be something to discuss in October. He thinks that it is not necessarily a bad idea for the Council members to use their judgment. He welcomes them to do that. He has heard enough concerns that he thinks that the City should stick with its policy as suggested. If he was going to take a leap, it would have to be with a group that has a fairly clean record. The fact that City staff has had problems with permitting in the past may be one more reason not to make an exception in this case.

MSUC (Woiwode/Ovrom) moved that the City Council reject the request.

AYES:	Bailey, Denny, Ovrom, Woiwode, Tanaka
NAYS:	None
ABSTAINING:	None
ABSENT:	None

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

13. **COMMUNICATIONS - WRITTEN:**

13a. **Receive and File a Copy of Letter Sent Expressing Support for AB 1147 –
Massage Therapy Act of 2014.** Under Consent, the City Council received and filed the letter.

14. **ADJOURNMENT:** The Mayor adjourned the meeting at 8:14 p.m.

Approved: August 19, 2014



Casey Tanaka, Mayor
City of Coronado

Attest:



Mary L. Clifford
City Clerk