

**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, June 3, 2014**

CALL TO ORDER / ROLL CALL 3:18 p.m.

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

ANNOUNCEMENT OF CLOSED SESSION

- 1. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Pursuant to Government Code Section 54956.9(d)(2)
Facts and circumstances need not be disclosed pursuant to Government Code Section 54956.9(e)(1)
One potential case
- 2. COMMUNICATIONS - ORAL: None.**

The City Council adjourned to Closed Session at 3:18 pm.

The City Council reconvened at 3:50 pm. Mayor Tanaka announced that direction was given to staff.

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 May 20, 2014.

MSUC(Bailey/Woiwode) moved to approve the minutes of the Regular Meeting of the City Council/the City Council Acting as the Successor Agency of May 20, 2014, with de minimis corrections. The minutes were so approved. The reading of the minutes in their entirety was unanimously waived.

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

4. **CEREMONIAL PRESENTATIONS:** None.

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

Councilmember Denny suggested the addition of Items 13a, 13b and 13c.

Councilmember Ovrom removed Item 5i.

Councilmember Woiwode requested that Item 13b not be included.

Councilmember Denny will be abstaining on Item 5b and briefly stated her continuing abstention which is that the internal control of the Audit Committee reviewing the bills before the checks are paid has now been written out of our Municipal Code by the Council and we have lost the internal financial control and so she is uncomfortable approving the warrants without first knowing that someone from the Audit Committee reviewed the bills before the checks were paid. On Item 5e she will be voting no. There is an issue outstanding that could be a potential for litigation and it hasn't been included in the list and so she is just uncomfortable allowing destruction of certain documents that might relate to potential litigation. On Item 5h she will be voting no to be consistent with her early voting. She thinks the Dock C project as it has been approved by the Council is way too expensive and way too overbuilt and the taxpayers are not getting fair value for their money so she will be voting no.

MSUC (Ovrom/Bailey) moved that the City Council approve the Consent Calendar Items 5a through 5k with the exception of Item 5i and the addition of Items 13a - Consideration of Request from Mayor Tanaka that the City Council Consider Reviewing the “HERO” (Home Energy Renovation Opportunity) Program at a Future Meeting and that Staff be Directed to Bring Back Pertinent Information to Discuss and Act Upon at a Future Meeting and 13c - Consideration of Request from Councilmember Bailey that the City Council Consider Designating State Highway 282 and the Portion of State Highway 75 Between the San Diego-Coronado Bridge and Naval Air Station North Island, Hereafter Referred to as the Third and Fourth Street Corridor, as the Coronado Avenue of Heroes and a Third and Fourth Streets Planning Community Presentation for Consideration of AOH Phase I Banner Program.

AYES: Bailey, Ovrom, Woiwode, Tanaka
NAYS: Denny, on 5e and 5h
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. 10101098 thru 10101340. The City Council approved that the warrants as certified by the City/Agency Treasurer.

5c. Acceptance of \$10,000 Donated by the Junior Woman’s Club for the Purpose of Purchasing Equipment for Teen Programs at the Club Room and Boathouse. The City Council accepted the donation of \$10,000 from the Junior Woman’s Club and authorize its use for the purchase of a Foosball table and kayaks in FY 2014.

5d. Adoption of a Resolution Temporarily Suspending Section 40.48.012(C) of Chapter 40.48 of the Coronado Municipal Code as it Relates to Public Rights-of-Way for the Parade on July 4, 2014. The City Council adopted A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO TO TEMPORARILY SUSPEND SECTION 40.48.012(C) OF CHAPTER 40.48 OF THE CORONADO MUNICIPAL CODE TO ACCOMMODATE PUBLIC VIEWING OF THE INDEPENDENCE DAY PARADE. The Resolution was read by title, the reading in its entirety unanimously waived and adopted by City Council as RESOLUTION NO. 8669.

5e. Adoption of a Resolution Authorizing the Destruction of Certain Documents Located in the Departments of City Clerk, City Manager, Engineering, Fire, Police and Recreation. The City Council adopted A RESOLUTION AUTHORIZING THE DESTRUCTION OF CERTAIN DOCUMENTS LOCATED IN THE DEPARTMENTS OF CITY CLERK, CITY MANAGER, ENGINEERING, FIRE, POLICE AND RECREATION.

The Resolution was read by title, the reading in its entirety unanimously waived and adopted by City Council as RESOLUTION NO. 8670.

5f. Adoption of a Resolution to Install Two Stop Signs on Fifth Street at C Avenue, Making the Intersection an All-Way Stop. The City Council adopted A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO DESIGNATING THE INTERSECTION OF C AVENUE AND FIFTH STREET AN ALL-WAY STOP INTERSECTION. The Resolution was read by title, the reading in its entirety unanimously waived and adopted by City Council as RESOLUTION NO. 8671.

5g. Approval of Request from Optimist Club of Coronado, Inc. to Hold Its 43rd Annual Sports Fiesta on Sunday, August 31, 2014. The City Council approved the event subject to administrative conditions of the City Manager.

5h. Authorization for the City Manager to Approve the Cost Proposal by PlaceWorks for a Not-to-Exceed Amount of \$93,730 to Serve as the Environmental Consultant for the Dock C and Boat Launch Ramp Reconstruction Project. The City Council authorized the City Manager to approve the Cost Proposal submitted by PlaceWorks for a not-to-exceed amount of \$93,730 and assign costs to project account 220591-9830.

5i. Authorization for the City Manager to Execute a Contract with GHD Inc. for an Amount Not to Exceed \$100,000 for Professional Consulting Services to Assist the City with the Development and Implementation of an Asset Management Program.

Councilmember Ovrom has no problem with the system but did notice in the Fiscal Impact section that the City Manager is making a suggestion that he does items 1-5 this year for \$100,000 and then another \$50,000 next year to do Items 6 and 7 when, in fact, it looks like he can get them both done for \$138,842. He would just assume get it all underway and let it go.

City Manager Blair King agreed with Councilmember Ovrom's assessment.

Mayor Tanaka summarized that Mr. Ovrom would rather authorize the larger amount and get it all done now.

MSC (Ovrom/Bailey) moved that the City Council authorize the City Manager to execute a contract with GHD Inc. for professional consulting services for an amount not to exceed \$138,842 to assist the City with the further development and implementation of an Asset Management Program.

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

5j. Authorize the Installation of an In-Street Pedestrian Crossing at the Existing Marked Crosswalk in the 900 Block of C Avenue. The City Council authorized installation

of ed an in-street pedestrian sign at the existing marked pedestrian crosswalk in the 900 block of C Avenue.

5k. Provide Direction to the Port Commissioner to Convey Comments to the Unified Port District Regarding the Draft Guiding Principles. The City Council directed the Port Commissioner and City staff to convey input to the Port on the draft Guiding Principles as described in this report.

6. ORAL COMMUNICATIONS:

a. Lorenzo Higley, Breathe Easy Coronado, wanted to celebrate the Council's leadership in protecting the health of residents and visitors from secondhand smoke. The California Air Resources Board describes secondhand smoke as a toxic air contaminant. The Surgeon General, in 2006, decided that there is no risk free level of exposure yet the City's ordinance protects residents and visitors from this potential health hazard. Respondents to the City-sponsored survey overwhelmingly requested smoke free outdoor dining areas, smoke free public events, and smoke free sidewalks. Supporters of the effort included the Board of Directors of Coronado MainStreet, the Coronado SAFE Coalition and coalition members, and hospitality business owners. Smoke free public space is a research based and effective strategy that protects the health of residents from exposure and will help prevent another generation of young people from the lifetime of addiction. The Surgeon General's question in 2012 was exactly how we do that and this is one way that we have an effective strategy with documented results. For that reason he nominated the City and Council for a California Clean Air Award. He introduced Narinder Dhaliwal.

b. Narinder Dhaliwal, Director, California Clean Air Project, presented Mayor Tanaka with a California Clean Air award.

c. Kim Tolles thanked the City Council for approving the guiding principles for the Port Commissioner. She was very pleased to see that the staff report included Grand Caribe Isle as an example that should be incorporated into the Green Necklace that the Port is talking about around the Bay. She and other Cays residents are working very hard, still, to acquire that Port lease so that we can make it one green strip. She has, for the Council's information, a documentary history and a summary on top of the 30 year efforts in the Cays to acquire this lease and to keep pushing the Port on the capital improvement project that the City submitted to the Port which would be retiring the lease.

d. Phil Monroe also thanked the Council for getting their wishes into the Port Master Plan as it is being developed. He thinks he is one of many that really think that Grand Caribe Isle is really the Coronado Cays' front porch to the Bay and its history hasn't really recognized that. For a long time, we had an environmentally poor dirt pile, then nine years of boat storage there with an ugly fence around it and it was not a front porch to the Bay and now there is a new proposal for another boat storage and perhaps an RV storage in that same area. We really need to get in front of that and we are working hard to do that. We are also working to be involved in the Port Master Plan that is being developed. This is an important document because anything that is brought before the Port that someone wants to do requires consistency with the Port Master Plan. The current Master Plan zones Grand Caribe Isle as commercial recreation, which opens up a hotel on that area or many, many other uses and there is a whole

bunch of people that really want to see this as open space. He thinks that if we can get and be strong and involved in the Port's development of the new Master Plan, we can make that dream come true. They formed a Grand Caribe Task Force. Doug Metz is the Chairman. They have included the yacht club and are hoping that they will have someone from the Port there. Back in 2002 when the original Grand Caribe Task Force was formed, a member of City Council was invited and participated in that group. The group would like, once again, to have a member of City Council there so that the group can keep at the forefront of Council and staff things that are happening with the Master Plan. Coronado has really been left out of that. He went to a workshop meeting and it was interesting when they talked about where there were views of the Bay, the only ones they showed were on the east side. They didn't show the county's view deck, Silver Strand Park, Grand Caribe, the Golf Course or Tidelands Park. They only showed views of the Bay from the east coast. We really need to get involved in that and make an impact.

e. Tina Pivonka stated that on April 24, the TOC met and made a recommendation to take the commercial parking off of the alley between the El Cordova Hotel and the Oxford Park Condominium Association. They were told that the item was being sent to the Council today but have since been informed that it is being looked at more by the TOC and the City Manager, mainly because there was an issue of where to put the commercial parking. She wanted to impress on everyone on the Council that this is an important issue to 33 units who cannot get into their parking area because the trucks are allowed to park on the entire alley area. There are six garages that face the alley that cannot get out in the mornings. There are over ten trucks that deliver in front of her tandem garage from 7 a.m. to 11 a.m. She cannot count on getting out of her garage or in on any given day, any time, including Mother's Day, Sunday morning. Because of that, they have taken a survey. Of the six garages that face the alley and have to back out, all six units park at least one vehicle on the street some time every day. She has given up. She actually feels that she cannot use her garage for its intended purpose. She parks two cars on the street every day. One of those cars is there all day. The concern of where they are going to park can be addressed with the commercial parking in front of the Brigantine. There is commercial parking at Brueggers. The trucks never use it because they use the alley. They have been taking pictures showing that when the trucks are parked in the alley, the other two spots are usually open. The Fire Chief recommended the lining. The Police recommended the lining. MainStreet Coronado came to the TOC meeting and said they had no objection to the lining but it was just what do they do otherwise. El Cordova has no objection. The Brigantine has no objection. The Brigantine has said that they will make their parking lot available all morning for deliveries. They look forward to working with the Council as this comes and hope that is quickly. If this remains all summer, the City will have at least seven cars parked virtually all day on the street, taking the spots from the tourists, from the people who are coming to eat and use the community because they simply cannot use their garages right now. She almost feels like it is an inverse condemnation because she only has 20' and with a tandem garage she simply cannot make the turn. She looks forward to working with the City in the future.

f. Liza Butler wanted to affirm the comments by Kim Tolles and Phil Monroe about the item having to do with the guiding principles. What is embedded in that is that it is a piece of land that is very important to the Cays' residents. She happens to believe that Grand Caribe Isle belongs to the people of California and it belongs to the people of Coronado who have been really crying out for more space, less things being overbuilt, less people visiting and we would

like very much to have this destination be part of the legacy of the Green Necklace that the Port is trying to take leadership with. She read from the Silver Strand Landscape Enhancement Plan, “People who live near the Strand and Grand Caribe Isle provide the most important element necessary for the Silver Strand’s future – the ability to preserve and respect the unique environment is solely based on human intervention.” She thanked the Council for its action today.

g. Carolyn Rogerson spoke in concert and in support of Ms. Tolles, Mr. Monroe, and Ms. Butler and urged the Council to maintain Grand Caribe Isle as an open space and environmentally sensitive area and not allow any building or anything else to be put on it.

h. Kevin Shaeffer is a homeowner who lives very close to the intersection of C Avenue and Fifth Street. He is the father of three children and is a very strong supporter of installing a four-way stop sign at the intersection of C Avenue and Fifth Street. Since moving into their home a year ago, they have become highly concerned about the speed of vehicles driving on their block, those making left or right turns onto C Avenue from Fifth Street, and the through traffic on Fifth Street itself. The high rate of speed of vehicles turning left onto C is particularly worrisome. His children ride their bikes to school nearly every day, as do many on his block, and he is seriously concerned about their safety as they try to cross Fifth Street going to and from school. After school and on weekends is also of serious concern as his children and many others cross Fifth Street on foot or on bike as they play and visit others in the neighborhood. When they received notice that a four way stop sign intersection was going to be on the agenda, he and his children decided they should walk their neighborhood with a sign-up sheet to give others in the neighborhood an opportunity to support this four-way stop. They successfully made contact with 12 families and residents in their immediate neighborhood and all 12 have signed a list of strong support. They presented that list to the TOC when they met on this matter previously. There may be other voices in the neighborhood that oppose the four-way stop and he respects their opinions. It is his hope, though, that they reconsider and rethink the safety of the children and realize that with this very simple step of adding two stop signs we can significantly improve their safety on a daily basis. We face many pressures and traffic challenges in Coronado and it is his hope that the City Council will approve this simple step and that we won’t have to every suffer from an injury or worse at our intersection due to speeding cars turning off of Fifth Street.

Mayor Tanaka informed the speaker that the Council approved the item on Consent. Mr. Shaeffer thanked the City Council.

i. Councilmember Denny encouraged everyone to join CERT and CERO. She also announced that this week is Beach Safety Week.

7. CITY MANAGER/EXECUTIVE DIRECTOR:

7a. Update on Council Directed Actions and Citizen Inquiries. City Manager Blair King announced that construction is commencing on the Pomona Roundabout project. As early as this Friday, traffic controls may be in place. The traffic controls will prevent through traffic at Glorietta and Pomona to Sixth Street. This will mean that people who use that route to access the bridge will not be able to do so. He is sure people will be surprised who normally go down Pomona to the Bridge when they find out that is closed. The Council is aware that an incentive has been

put into place to encourage the contractor to accelerate the schedule to limit the amount of inconvenience to the public. He also announced that due to consistent Council direction, this Sunday will begin the 2014 version of the free summer shuttle. There is a flyer and map that provides details on the shuttle. There is a select group of drivers that MTS has assigned to this. The City met with those drivers to indoctrinate them a little bit on the Coronado history and culture and the importance of them as our ambassadors for residents and tourists this summer.

Councilmember Ovrom asked for further definition on what the roundabout restrictions will mean.

Mr. King stated that residents will have access but through traffic will be prohibited.

8. PUBLIC HEARINGS:

8a. Public Hearing: Appeal of the Decision of the Historic Resource Commission that the Residence Located at 1026 Flora Avenue Meets the Criteria to be Designated as a Historic Resource in Accordance with Chapter 84.20 of the Municipal Code (NOI 2014-03 Geren Nichols). Tricia Olsen, Associate Planner, provided the staff report on this item.

Mayor Tanaka explained the process to be used with this public hearing. The Council will first have the opportunity to ask Ms. Olsen questions. The appellant will then be given six minutes to make their case; the respondent will then be given six minutes to make their case; each side will be given three minutes to rebut if they wish. In response to a request from the appellant, Mayor Tanaka adjusted the time for the initial presentation to ten minutes.

Dorothy Howard spoke representing the property owner and potential property owner. The property is in escrow. She agrees with Ms. Olsen's report on what their opinion of the historicity is. She added that, because this designation was involuntary, they feel that the property should be an exemplary example of a specific style and not simply incorporate some of the aspects of it and that there should be clear evidence that this is, in fact, a notable work of an architect or builder and not simply an example of their work. She is working in conjunction with Scott Moomjian and he has some comments to make.

Scott Moomjian, attorney for the appellant, stated that the property was built in 1935 as a single-family residence built by Paul Hathaway. Over the course of his career, we know that Hathaway was both a builder and an architect. What is important in this particular appeal is that there has been no evidence to suggest whatsoever that Hathaway was indeed the architect who designed the home. Also, over the course of its existence, the property has been modified, including work at an unknown location in 1938; the construction of a rear patio cover in 1984; the construction of a 520-sq.-ft. addition in 2007; and the application of a rough texture coating over the wood exterior material at an unknown date. In 1966, the property was purchased by John and Linda Nichols and it served as a real estate investment for their family. The property today is owned by the Nichols Trust and has been in escrow since it was involuntarily designated by the HRC on March 19. Designation of the property has caused and will continue to cause the family economic hardship. In particular, the family has always intended that the property would be sold for its highest value, consistent with its underlying zoning and best use. If you take a look at the HRC's mission statement, you will see that the Commission seeks to encourage community wide interest and voluntary participation in the preservation and enhancing the communities' village homes. The appellant believed, however, that involuntary designations such as this one actually reduce

property values and decrease economic and financial benefits to the City, its residents and property owners. Rather than to resolve the conflict between preservation and alternative land uses, they believe that the current process, with respect to involuntary designations, does just the opposite. That becomes apparent when the HRC fails to consider the proper historic record and a full evaluation under the designation guidelines.

Mr. Moomjian presented the two issues here. The first is that they believe that the property doesn't qualify under HRC Criterion C. As the Council is aware, there are three elements, three tests that must be met in order for a resource to qualify under Criterion C. It must first possess distinctive characteristics of an architectural style; it must be valuable for the study of a type, period or method of construction; and it must not have been substantially altered. At the HRC hearing, detailed information was presented which demonstrated that the property does possess some superficial characteristics of the colonial revival style but is missing the distinctive, defining characteristic of symmetry, of massing and fenestration about the central axis. We don't believe the property is an accurate representation of the colonial revival study and as such it doesn't merit study of a type, period or method of construction. The Council has in the appeal packet information and a letter written by Mr. Bruce Judd, a fellow of the AIA, who is an expert in the field of historic preservation. He is a nationally respected historic preservation architect whose education and experience meet the Secretary of the Interior's Standards. He teaches historic preservation classes and is without question a historic expert who is entitled to render his opinion on this matter. According to Mr. Judd, when you look at the various different aspects of Criterion C, the front and side facades are not symmetrically organized; the front door and entry are offset along the main elevation; the windows are not uniform in size. As a result, the property does not possess the distinctive characteristics of the colonial revival style. Most importantly, the property fails under Criterion C with respect to the second element that must be met. The property is not a valuable example of the colonial revival architecture worthy of study. This is due to the fact that the property doesn't have distinctive characteristics. Mr. Judd has stated, "Only intact, fully articulated and expressed examples of this style, with distinctive characteristics, details and elements are valuable." This is a property that he certainly wouldn't teach in his historic preservation classes. Finally, according to Mr. Judd, the property has been substantially altered with all the modifications just mentioned. Under Criterion C, they don't believe that these three elements can be made. Finally, when you look at the Historic Resource Guidelines, certainly it mandates that the resource must clearly exhibit enough distinctive characteristics to be representative and the distinctive characteristics should not essentially be tacked on as an afterthought. In this case, they believe that the HRC did not apply the Guidelines in any meaningful way, did not determine whether the property clearly exhibited enough distinctive character defining features of the colonial revival style to be considered a true representative example, nor did it apply the Guidelines when considering whether the distinctive characteristics were fully integrated into the colonial revival design and not applied in a haphazard or awkward manner, as you might have seen if you have seen the property.

Under Criterion D, he displayed the motion that HRC adopted. The property was designated under Criterion D on the basis that, "It is representative of the notable work of architect Paul Hathaway because of other works of Hathaway that have been designated, of the examples of the colonial revival style of architecture presented at the hearing such that the subject property is a good example of colonial revival architecture." He thinks the latter two really speak to Criterion C rather than D. As he mentioned previously, what do we know about Mr. Hathaway. We know that he built the property. That is apparent from the Notice of Completion. What is important for

the Council to consider is that there is no evidence whatsoever which would suggest that he also designed the property. We know that Hathaway employed architects over the course of his career. We know that he wasn't himself, an architect. We don't have any evidence at all that he was actually the architect, consistent with the motion that was passed by the HRC. Designation on this basis alone is without merit. Second, the HRC considered only limited information related to Hathaway's overall body of work. The HRC designated the property on the basis of only two other properties that were designed by Hathaway and Hathaway is documented to have designed nearly 100 projects over the course of his career in Coronado and throughout California. No information on any of his work other than the previously two designated properties at 721-727 C and 555 B Avenue. How can the property be deemed to be notable without understanding the vast majority of this individual's work? It just doesn't make sense. He displayed two known examples of Paul Hathaway's work. The property to the left on D Avenue is a designated historic resource, designated as an example of French Normandy architecture. The one on the right, from 1933, is also a designated resource in the Spanish Eclectic style of architecture. Subsequent to the designation, they identified two other homes that were designed by Paul Hathaway. The one on the left is on Margarita Avenue, built in the 1930s. This property is not designated and it is a colonial revival example. The one on the right is on Glorietta Place, from around 1940, is also not designated and is also colonial revival. While many more examples of Hathaway's work in Coronado and California exist, there are certainly other colonial revival style homes better than the one in the subject of the appeal that better illustrate his work. We would readily concede that Hathaway's notable French and Spanish examples merit designation but, in addition, the other colonial revival examples that he has shown are also very intriguing. We believe that those examples and not the subject property provide better symmetry and details illustrating a better adaptation and execution of the style. Finally, he indicated that under the historic designation criteria guidelines, the HRC failed in identifying this property with an architect because this identification must be supported by documentation. This is a line right out of the guidelines. Again, there is no documentation to support it under Criterion D for the architect. According to the guidelines, it must be demonstrated that the resource is representative of his notable work by means of understanding his whole body of work to provide a context for that evaluation and that did not occur.

Dave Gillingham, Historic Resource Commission, complimented the appellant on the presentation given. His focus will be on the specifics of the owner's appeal. He reminded the Council that he is a developer and therefore is inclined to support the notion of development. With that said, as a member of the HRC, he and the other members assess applications for demolition on the basis of the guidelines the City Council provided them. In this case, the HRC was unanimous regarding the designation of the property under Criterion C and D. There seem to be three issues. He was frankly surprised by the appeal. The applicant came to HRC in the context of whether they needed to worry about designation or not and wondered how they would proceed and whether it would be with a demolition permit or under a historic alteration permit. Again, the HRC was unanimous in its decision. He would say that the HRC is more than willing to work with the applicant and Ms. Howard to achieve both historic preservation and the changes the new owner might want. The HRC respects Ms. Howard's work and feels sure that middle ground can be achieved.

The applicant appeals Criterion C by saying that the property does exhibit characteristics of the colonial revival style but just not well enough. Candidly, if someone had asked him what style that was before the hearing, he could not have told you. The HRC relies on staff to provide information about the specifics of that sort of thing. Ultimately, whether it exhibits sufficient

characteristics is a totally subjective assessment. For the HRC, looking at that property here in Coronado, it does. Similarly, with Criterion D, it is agreed that Paul Hathaway is a noted architect but this house is not a notable work. Again, that is a subjective assessment. In his opinion, this is the most notable of the designated properties in Coronado that he did. He is not sure the entire HRC shares that opinion but he thinks this is a far more interesting property than the others. He kind of feels like the applicant is suggesting that the HRC ought to be somewhat clairvoyant in knowing what is going to come down the pike that might be better. HRC does not know. This is what was presented. HRC thought it was notable. Given the applicant's just want to know approach and the merits of the property, HRC did not find it difficult to approve the designation.

With regard to Mr. Moomjian's 12-page letter, Mr. Gillingham thought he had some good arguments. They state up front that the decision is impeding the sale of the property. As he said before, HRC regrets that but it isn't one of the things it is tasked to consider. Secondly, in appeal of Criterion C, Mr. Moomjian cites a letter from an expert witness in Florida. Mr. Gillingham found it amusing that it was a four-page letter and a ten-page resume to help make the case that the home is not colonial revival enough. It is certainly possible that there are better examples of colonial revival structures but it is partly perspective. This is the colonial revival structure that exists in Coronado. We don't have a national perspective. We don't intend to have a national perspective. On Criterion D, Mr. Moomjian suggests that maybe Mr. Hathaway was not actually the architect. Mr. Gillingham guesses that is a possibility but in 1935 the likelihood of someone who was both a builder and architect building someone else's design seems to stretch credibility. He does agree with Moomjian's additional Council considerations, especially his premise that as much as possible that historic preservation should be voluntary. The City has made great strides in that direction with the elimination of the backlog in the Mills Act and he thinks that is a good thing. Mr. Moomjian states that the purpose of our historic code is to identify, as early as possible, and resolve conflicts between historic preservation and alternative land uses. Mr. Gillingham thinks that is certainly a worthwhile goal. He is wondering if there is something that could be talked about downstream about a mechanism similar to what Design Review uses where you can talk to a couple members to test drive a design. HRC was unanimous in its decision and it is subjective.

Mr. Moomjian begs to differ with one particular point. When we talk about involuntary designation with respect to any municipal government, he does not think these decisions should be subjective, nor does he think that they are intended to be subjective. The HRC has very clear objective guidelines which they must follow. He thinks that the most glaring problem with the underlying designation is the fact that we don't have any evidence whatsoever that Mr. Hathaway was involved as the architect yet the property was designated as a notable work of architect Paul Hathaway. That is a big problem. When you employ the guidelines, that glaring error is larger. We do know he was the builder. The problem with that, though, is that we don't have a comparative analysis of his entire work. He thinks that some of the materials that were included at the time of designation indicated that there was about 25% of his projects that were known to exist. Taking the opposition, 75% of his projects, that he either built or designed, are unknown. He thinks that when the commission seeks to designate properties, particularly this one under Criterion D, they have to employ an objective analysis, weigh the information – in this case there was none to support that decision – and moreover there was no other evidence by which you could make a comparative, objective analysis that this property somehow represents the notable work of this individual. He also indicated that when we talk about the architecture the Commissioner noted that he believes it represents the colonial revival style but not well enough. He thinks there should

be a higher standard for properties that are considered by the HRC which are involuntary in nature but at a minimum there needs to be objective analysis. He does not think that was carried out here. Coronado should aspire to preserve and to designate and to treasure architectural examples that are above and beyond those that are 'not well enough'. He believes that the City should be designating properties as historic resources that clearly set a higher standard for architectural excellence. In a cursory view he went through all of the pictures on Flickr and it is a beautiful assemblage of resources of a high degree. He does not think this one measures up under either a subjective or an objective analysis.

Mr. Gillingham was surprised by that argument in their appeal. He read from the staff analysis, "The subject dwelling was designed by architect Paul Hathaway." He did not take the time to go research that himself. The last sentence says, "The subject home is in good condition, retains integrity, continues to reflect the design of Paul Hathaway, appears to be historically significant as an example of the notable work of the architect."

Mayor Tanaka opened the public hearing.

Geren Nichols, son of John and Linda Nichols, trustee and executor of their estate, asked the Council to reverse the HRC designation. His parents bought the house in 1966. It was 31 years old at the time. His parents have owned the house for more than half of its existence. He remembers his father having the textured coat applied all over it. In 1944 the original shake roof was taken down and replaced with asphalt shingles. That has completely changed the picture as it looks out to the street. In 2007, the house had a major reconstruction, building a master bedroom and bath on the first floor. In 2010, he moved back to Coronado to help his parents. In the last three years, he had considerable interaction with many people in Coronado. Not one of them has ever suggested that this is a remarkable historic house. No one has ever heard of Paul Hathaway. No one knew who designed or built the house. The supposition that has been made and what has been written down does not reflect that the existing permits say that Mr. Hathaway built the building. It does not actually refer to who designed it. In 1935, there was a Depression and any architect or builder would be happy for any commission. The hearsay evidence in his family was that this was a copy of a house that the Gilmetz had lived in in Connecticut years before. The designs probably would have come from the east coast from that. Aerial photos of Coronado in 1926, nine years before this house was built, show ten buildings on that block of Flora Avenue. There are 15 now. This house was not an early house on the block. If you walk around Loma, Ocean and Isabella, if you look at that area on the early photographs, almost all those lots were built in. If you walk around it now, they look very new. Yes, it has changed. Coronado and the world have changed. There are reasons for that. This is associated with property rights which you have to take away from people to make them not change stuff. That should only be done for very solid and important reasons. You really ought to have written proof and have everything lined up when this is done involuntarily. He would like to emphasize that neither his parents nor anyone associated with their estate has asked for this to be done. It is currently blocking an otherwise confirmed sale of the property. The house is a nice and well-built house. His parents thought that its purchase was one of the best decisions in investment but he does not think it is historic and no one has ever told him it is historic.

Elizabeth Forsyth-Lovell is part of the family that has been the next door neighbors to the Nichols since 1966. They were the original owners of 1045 Loma, adjacent to the subject property. Next to the Nichols house was the garage. In 1974, they subdivided their property at 1045 Loma and

built the house she lives in now with her mother at 1032 Flora. At any time, on this block, the most historical houses that they were always asked about weren't the Nichols'. It was usually the old house she lived in. That was designated as a Mills Act house. Since that point, they have absolutely abominably built out the house, taking away the Moorish castle look that the house is supposed to provide as an architectural historical merit to the property, which now doesn't exist anymore. Old doesn't mean historical. As the Mayor knows, you have to have documentation to make things historical. Architecturally, in the 1930s or 1920s there were many well-known architects. Hathaway clearly wasn't one of them. At no time did anyone comment on what a beautiful historic house or beautiful home the Nichols house was. The only thing historical on the entire property is the African fire tree that blooms every year. Other than that, she would like to see more concrete documentation to deem things historical by an HRC committee that will reduce the property values of this City by just what they feel shouldn't be demolished. That is unfair to the community and it really needs to be documented to historical means of what is important to the nation, not just what the community thinks it is.

Wesley Aarons is a graduating senior from Coronado High. He supports the historic designation. On Criterion C, the big argument is about the front symmetrical façade. He has done designation work on three houses in Coronado so far, hired by the owners. He uses the book A Field Guide to American Houses a lot in his work. On a Spanish house we all think of the red tile roof. When he looks at the different subtypes in the book, there is a subtype called a flat roof. It says that about 10% of Spanish Eclectic houses have flat roofs with parapetted walls. He did this for Criterion C on one of his houses. Just because it has a variance in one of the main pieces of architecture doesn't disqualify it from Criterion C. It has all the other requirements. It has stucco, the casement windows, etc. If you look at this same house, it doesn't have that symmetrical façade but it has a lot of the other features. They are all on the front façade and that is what counts. It doesn't matter as much what is on the side or the back. What counts, especially for Mills Act, is the front façade. On Criterion D, he wants the Council to think back to the different examples they gave on Mr. Hathaway's work. What Criterion D is all about is if you think of those in your mind, which one pops out to you the most. Which one stands out the most and which one makes you think that is a really good example of his work? He thinks that house stands out more than any of the others. Another example is if you are driving or walking by all the different houses of Mr. Hathaway, which one is most likely to make you double take? This house does that. That is the very essence of Criterion D. Remember that the Historic Resource ordinance is not for architects or historic wizards. It is for normal people just walking around town for the next many generations to have great history and beautiful architecture. This house has that. He remembers a couple of years back there was a house on the corner of E and Tenth. In that case, the more one looked at the property the less appealing it became. It is the exact opposite with this property. The more you look at it and the more you walk by it, the more appealing it becomes. That is exactly what a historic resource should do and that is the very embodiment of the spirit of what we are trying to do with the historic resources. He asked that the Council think really carefully and not get tied down with the technical details and just think about comparison to past experiences like this and whether it meets C or D based on those kinds of things.

Mayor Tanaka closed the public hearing.

Mayor Tanaka asked the Council to disclose any ex parte communications.

Councilmember Ovrom disclosed that he walked by the house and also some others that are indicated in the staff report as examples of Mr. Hathaway's work.

Councilmember Bailey also walked by the house accompanied by one of the real estate agents, Molly Haines, and they discussed the property.

Councilmember Denny has no ex parte communications to speak of and is very familiar with the house as it is an area that she walks by.

Councilmember Woiwode did not have any ex parte communications.

Mayor Tanaka attended a chartering meeting for the Toastmasters' Club in Coronado and he ran into Ann Boston Parish who has also given an email to the City. He visited the site as well and visited the other properties.

The appeal before the Council comes down to whether Criteria C and D were met. Criterion C says it possesses distinctive characteristics of the colonial revival architecture style, would be valuable for the study of a type, period, method of construction, and has not been substantially altered. Item D would be that it is representative of the notable work of, as stated by the HRC, the architect, Paul Hathaway. When he read the staff report some things jumped out at him. On page 177 of the staff report, the staff analysis says that to meet Criterion C, colonial revival architecture is normally characterized by a two-story rectangular structure with a side gabled roof and symmetrical façade. It does say that asymmetrical facades and hipped or gabled roof examples are more rare. He reads that 'are more rare' doesn't mean it is disqualified because it is asymmetrical. In fact, if they are more rare that might even make an argument for why it should be preserved. Overall, when he reads through the HRC findings, he concurs with those findings that it possesses distinctive characteristics of the colonial architectural style and that it is valuable for the study of a type, period and method of construction and it has not been substantially altered. Under Criterion D, there is much talk about whether or not this is the architectural work, in other words, did Paul Hathaway the architect design this home. He thinks that neglects the broader criteria in Criterion D. In Criterion D it says, "A resource must first be identified with an architect, builder, designer, artisan or landscape professional. Then it must be demonstrated that the resource under examination is representative of the professional's notable work." So while there is a good argument to be made as to whether or not this is the architectural rendering of Paul Hathaway, all we need to do to fulfill Criterion D is to add the word builder in 'the notable work of the architect and builder Paul Hathaway' or delete the word architect and add builder in which case Criterion D would be met. He will be voting to sustain the HRC decision. The only change he would recommend is to add the words 'and builder' or substitute the word 'builder' for 'architect' because that would clarify what the HRC was attempting to do.

Councilmember Ovrom reviewed Mr. Judd's piece. He is a national expert on historical preservation. In doing that, Mr. Ovrom noted that his analysis is that it does not meet the criteria in Criterion C. From there Mr. Ovrom went to take a look at the house. Even though some people say that symmetry is not a requirement, it seems to him from what he has read that symmetry is a requirement. It is clear that the front door is offset. The windows on the second floor have two on one side and one on the other. They are off set. If you look carefully, you can see that the downstairs windows are not symmetrical either. He cannot support the fact that this is a good representation that should be used for any reason. As a matter of fact, he would suggest that it is

not a good representative. He can't support C because it isn't a colonial revival example that needs to be kept. He notes that there are at least four other colonials in the City of Coronado that have been designated historical. He also went by a house, 318 Glorietta Place, and it is not designated but it happens to look so much more like he has seen in the pictures of a colonial because it is symmetrical that you can actually see the difference. He can't support C. If this is a notable work of a builder and/or an architect, if he were the architect and he was trying to do this as a colonial revival, he missed the mark. There are other pieces of work where his name is associated with being an architect and they are notable but this one is not. He can't support either D or C.

Councilmember Bailey referred back to the term 'distinctive characteristics'. In this case, the most significant distinctive characteristic is the symmetry of the façade and since that is not exhibited by this property, he does not think it is a good example of the style in question. Referring to the expert's letter that was provided in the staff report, if at best it can only be considered a marginal example of a colonial revival style and therefore not be worthy of study, then to him that is further evidence that this wouldn't qualify under Criterion C. Referring to Criterion D, he thinks it is important to ask ourselves how we can possibly make the determination that this work is representative of the builder or architect's notable work when we haven't even considered the entire body or even a majority of the architect or builder's work when making that determination. He doesn't believe Criterion D has been substantiated so he would be in favor of overturning the HRC decision.

Councilmember Denny commented that this is part of the job that is always so difficult because nobody likes involuntary designation but since we adopted the Mills Act for historic preservation, we are bound to follow our historic code. The Coronado Mills Act for historic preservation is what we are talking about when we talk about the historic resources code. This house does meet the 75-year-old criterion and C and D as noted by the HRC for all the reasons that have been stated heretofore. What we are looking for when we are applying the Mills Act is to preserve our Coronado unique village atmosphere. We are not as concerned with other places but it is to give people who come from other places and to give people who live here a sense of our place and she thinks that this house does meet the criteria as heretofore stated. Since this is an appeal and we need to make a record, she wants to mention a couple of points.

The first is that any alterations that were made aren't significant and there was some mention made about the changes to the back of the house. We are only concerned with the front façade. The Mills Act is very liberal in Coronado and that is all we are concerned with preserving so any alterations that were made as the HRC found were not significant. In addition, economic hardship was mentioned and that is always a concern of the appellants. While we can recognize that, it is not a concern still of the Mills Act for historic preservation and it is something that we are not supposed to consider as a body hearing this appeal. She thinks that the economic hardship that the appellant made is minimized or weakened to a certain extent by the fact that we have testimony from the HRC Commissioner who said that he was surprised by the appeal, as were his colleagues on HRC, because the applicant first came to HRC asking how to go about making changes to the property and whether they be made by demolition or through an historic alteration permit. It is surprising, given that set of facts, that the appeal is here today although she recognizes the reason for the appeal also. It is just something we can't consider, economic hardship, when we are talking about the Mills Act.

The appellant made an argument that there is a decrease in economic values and even spoke to an expert that we know is from Florida but we have the national renowned expert on the Mills Act right here in San Diego and his name is Andrew Narwold. He has already done all the math and he has stated that the Mills Act for historic preservation and the preserving of homes that fit the criteria in fact improve the property values of surrounding homes. It improves economic tourism to our community by preserving our unique village atmosphere and so she finds that our local expert, who is also nationally recognized, is more persuasive than the Floridian expert and she wants to also say that Andrew Narwold is also accepted by the real estate industry. His science and economics are sound and have been proven and he is also respected by economists and historic preservationists. She finds Andrew Narwold as the expert saying there is a halo effect when we keep these historic homes under the Mills Act that we actually improve our local economy. She doesn't find the expert opinion of the Floridian to persuade her in that regard.

She thinks the HRC applied the guidelines properly in all ways, at all times, and did not fail to meet their burden. That is what the Council is supposed to be looking at. The fact that the HRC decision was unanimous and not a difficult one is also persuasive to her. Both Criteria C and D were definitely met. She doesn't find anything that the appellant said to be persuasive in those regards. We have to have faith in our HRC members and know that they have the competence and the ability to take the facts they are given and apply them to the law and she thinks that they have done this in this particular situation. Again, involuntary designation is always troubling to those of us who sit here in these seats. If we are going to take our oath seriously, we have to follow the law in Coronado and the Mills Act for historic preservation does say that we should preserve this particular house.

Mr. Ovrom offered a point of clarification. He believes the City's Municipal Code does not necessarily reference Mills Act for criteria. That is an incentive. The original criteria is not Mills Act.

Mayor Tanaka clarified that Mr. Ovrom would suggest that the proper term would be our historic preservation program and not the Mills Act program.

Ms. Denny would agree with that and concurs with that. Mr. Ovrom is saying that there is a difference between the Mills Act and the City's historic resources code. While that is true, the Mills Act does help us with our code and to those of us who both know Senator Mills and call him a mentor and friend we tend to call it the same thing.

Councilmember Woiwode certainly doesn't like being in the situation of involuntarily designating a property and there is undoubtedly an economic hardship and there is some question, in his mind, about whether this results in the highest value of the property. A lot of the foregoing stuff is irrelevant in a discussion like this. What matters to him is what the Mayor said and he believes that this qualifies under Criteria C and D as reworded by the Mayor, specifically with the reference to the builder. He is sad for the owner and the trust that we can't support their appeal. He thinks that the HRC did a good job with this and correctly interpreted the code that the Council has passed. Whether or not it is the right code is a subject for another day.

MSC (Tanaka/Woiwode) moved that the City Council affirm the HRC decision and that the same wording they used on Item C and D be used with the exception that the word architect be replaced with builder.

The City Council adopted A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO TO UPHOLD THE HISTORIC RESOURCE COMMISSION'S DECISION THAT THE SINGLE FAMILY RESIDENCE ADDRESSED AS 1026 FLORA AVENUE AND LOCATED IN THE R-1A (SINGLE FAMILY RESIDENTIAL) ZONE MEETS THE CRITERIA TO BE DESIGNATED AS A CORONADO HISTORIC RESOURCE. The Resolution was read by title, the reading in its entirety unanimously waived and adopted by City Council as RESOLUTION NO. 8672.

Ms. Denny will be able to support the motion but she also wanted to hear from staff if necessary if that makes any difference or HRC.

City Attorney Johanna Canlas believes that the record stands that Mr. Hathaway was the builder on this particular case.

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

9. **ADMINISTRATIVE HEARINGS:** None.

10. **COMMISSION AND COMMITTEE REPORTS:** None.

11. **CITY COUNCIL BUSINESS:**

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

Councilmember Bailey attended the Yacht Club Opening Day; attended the South County EDC meeting where we heard about the success of San Diego's biotech industry; attended a Third and Fourth Street community meeting where City staff was present to answer questions.

Councilmember Ovrom attended the Maritime Day Celebration with Channel 9 as their guest interviewer; joined the rest of the Council at the CYC Opening Day; attended the SANDAG Board meeting for Mr. Woiwode where they talked about County transportation plans; attended the Memorial Day Service at Star Park; attended the MainStreet meeting.

Councilmember Denny reported that her work has been focusing on the water conservation project and the Wastewater JPA in San Diego County. She recognized Ed Walton who sits on the technical committee for this body of commissioners. The water conservation project is going well. It is on track. She thanked the Council for its support of this to do something that government doesn't normally do which is to go ahead to try to prevent a problem, water shortage, early instead of waiting until it gets to be a problem. She responded to an earlier comment by Mr. King. She did not mean to imply that Coronado is keeping two sets of books. She doesn't have any information that is occurring, nor did she mean to imply that.

Councilmember Woiwode attended the Coronado Film Festival kick off with a great program that showed how Coronado-centric the business of the SEALS in the world is; reported on the second Bike Rodeo hosted by the Bicycle Advisory Committee where there were four or five times as many people as there were last year.

Mayor Tanaka mentioned that the Coronado Island Film Festival did put on that great SEAL movie festival; attended the Yacht Club Opening Day; attended the Concert in the Park opening day; the Memorial Day in Star Park where Vice Admiral Buss was the keynote speaker; attended the Islander Awards; had a chance to join Coronado's very own chartered Toastmasters Group; met with the City Manager and Admiral Losey, the top SEAL in Coronado, to touch base on the future SEAL campus project and other issues of mutual interest; threw out the opening pitch at the Little League finals; attended the Senior Awards ceremony.

Mr. Ovrom asked if the City Manager might want to do a quick update on the new bike things and the parking meters.

Mr. King reported that the new bike racks have been installed. Most of them have gone well but some were a little bit loose. That is being corrected. Some of them are a decorative blue. There is a QR code on the top. The City is moving forward with the installation of the meters. That will occur any time.

11b. Approve Resolutions (1) Adopting the City of Coronado Annual Budget for FY 2014-15; (2) Setting the Annual Appropriations (Gann) Limit; and (3) Approving the Policy on Fund Balance and the Size and Use of Reserves. City Manager Blair King introduced the item and Leslie Suelter, Director of Administrative Services, provided the staff report on this item.

Rita Sarich, Coronado MainStreet, reported that there was a discussion on this item at a MainStreet Board meeting. The MainStreet Board is disappointed that Phase III of the DTEP did not make it into this cycle and seems to have fallen off the five-year schedule. She is not sure whether that includes Phase IV, the 100 block. Phase III is the 800 block. The Board wanted her to express its disappointment that the DTEP Phase III for the 800 block and 100 block has become unfunded.

MSC (Ovrom/Woiwode) moved that the City Council adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO ADOPTING THE FINANCIAL PLAN AND BUDGET FOR THE FISCAL YEAR 2014-15, FIXING AND DECLARING THE BUDGET FOR THE VARIOUS DEPARTMENTS AND FOR CAPITAL IMPROVEMENT PROJECTS, AND APPROPRIATING MONEY FROM THE TREASURE FOR SUCH PURPOSES, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO APPROVING AND ADOPTING THE ANNUAL APPROPRIATIONS LIMIT FOR FISCAL YEAR 2014-15, and A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONADO APPROVING THE POLICY ON FUND BALANCE AND THE SIZE AND USE OF RESERVES. The Resolutions were read by title, the reading in their entirety unanimously waived and

adopted by City Council as RESOLUTION NO. 8673, RESOLUTION NO. 8674, and RESOLUTION NO. 8675.

Councilmember Denny wanted to put on the record briefly that she will be voting no. Her main area of concern, out of several areas of concern with the budget, is the off balance sheet debts. Specifically we have two, pension and redevelopment. For the first one, for the off balance sheet pension debts, if you go to a recent report by a credit rating agency called Moody's that our City staff requested look at the City to look at the credit rating, you will see that they have listed the off balance sheet pension debt for Coronado on page four of that report at \$101.2 million. That is an extremely liberal, extremely feel good, extremely low ball figure and it can be as high, if you step out of the world of actuarials into the world more of economics, as \$300 million for our off balance sheet pension debt. Thinking of that and adding on to that the off balance sheet redevelopment debt and we report that every six months as we are required to that and are up under \$300 million at this point. These debts are just so high that she thinks that this particular budget misses the mark and doesn't align our resources with our liabilities as much as it should in order to protect taxpayers' interests.

Mayor Tanaka asked if Mr. Ovrom would accept a friendly amendment that we also direct staff to bring DTEP III and DTEP IV to the CIP subcommittee to discuss and have a recommendation for the following fiscal year.

The maker and seconder of the motion agreed to that amendment.

Mr. Ovrom asked the City Manager to talk about this off sheet debt, particularly since we all know that GASB is going to require all of this to be shown next year or the year after.

Mr. King believes that Ms. Denny is referring to other obligations that the City has. He pointed out that oftentimes when people use the term "off sheet," there is an implication that there is a second set of books being kept. There is not. In this particular case, the idea that the City has, because it participates in the California PERS system, an unfunded obligation. Staff has recommended that the City Council do, and the Council has done this, the following steps: the fact that there are two contracts that the City has, one for miscellaneous employees, one for public safety employees. For the public safety employees, the City participates in a pool. We are required to participate in the pool because we have less than 100 active members. We participate in the pool to assist us in avoiding large swings in our liabilities due to demographic changes or sudden demographic changes. Because PERS works on the concept of the law of large numbers, especially on the actuarial, we were pooled there. Because we were pooled, we were given a loan (the City didn't ask for the loan) and the City Council bought out that loan of about \$6 million. The second thing that the Council did was to advance \$5 million for the miscellaneous fund which gave the City a fresh start. That miscellaneous fund brought the City's calculation down from about 22% to about 17%. In FY '13-14 and '14-15, the City has over budgeted at a 22% amount, although the actual amount is 17. That will produce both in this fiscal year and next fiscal year a savings. It is staff's intention to bring that savings then back to the Council and ask that the Council establish a PERS stabilization fund which would take that out. Moody's did give the City a AAA rating and did point out that, being a California City, there is an unfunded pension liability. We are not sure of their calculation but in the absence of any other direction from the Council as to what to do about this, the only other action would be, for example, removal from PERS. Staff has

taken a look at the information PERS provides for the hypothetical cost of withdrawal, both the miscellaneous and safety side, and the price would be about \$90 million on one side and maybe about \$80 million on the other side. He would await a motion from the Council if the Council wishes to pursue that.

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

11c. Consideration of Request to Refund (i.e., Refinance) the Approximately \$3.3 Million of Outstanding 2004 Storm Drain System Revenue Bonds in Order to Achieve Interest Rate Savings and Whether to Refinance the Bonds with a Commercial Bank Loan or with a General Fund Loan. City Manager Blair King introduced the item and Leslie Suelter, Director of Administrative Services, provided the staff report on this item.

Councilmember Denny referred to Ms. Suelter’s first slide. When people read this they don’t understand what this means. Bonds were callable at par as of March 4, 2014. What does that mean? What is the difference between callable and called and so forth?

Ms. Suelter responded that when you are issuing bonds, the people that are buying those bonds, they are investing and they want a return on their investment so they put protections into the arrangements such that you can’t just refund the bonds or refinance whenever you want. They want to be able to be guaranteed that they will get a rate of return on their investment, at least for a portion of the time. Up until March, the City didn’t have the opportunity. They were not callable. The City did not have the ability to redeem the bonds because they were protected for the benefit of the bondholders. Now that we have passed that date, the City can redeem them and is free to redeem them at the par value, in other words, the outstanding bond amount. There is no premium the City has to pay to the bondholders in order to do that defeasance, in order to refinance those.

Ms. Denny asked for further clarification on what it means to redeem them.

Ms. Suelter explained that the investors have been getting a return since they bought the bonds which would have been back in 2004. They have been getting interest earnings on those from the payments that the City is making and now we will simply pay them off entirely. That is what we would be doing. We would pay off the investors. They would get all their principle back and the deal is over.

Ms. Denny asked if we want to do that now or we don’t want to do it and we want to refinance it and that is the question. Ms. Suelter indicated staff is recommending that you do. Ms. Denny asked Ms. Suelter if she can tell the Council what banks she has spoken with already about interest rates and so forth? She mentioned in the staff report on page 345 that she has done a little bit of research.

Ms. Suelter responded that staff utilized the services of a financial advisor to help do this analysis. She didn’t actually have the conversations with the bank. She will have to get back to Ms. Denny on what banks the advisor spoke with.

Ms. Denny asked what the name of the advisor is.

Ms. Suelter and Mr. King responded that it was PFM, the City's financial advisor of record.

Ms. Denny referred to page 346 of the staff report about the revenue sources for the Storm Drain Enterprise Fund #530. She mentioned the primary revenue source but wondered what the other revenue sources are.

Ms. Suelter explained that the only other would be investment earnings which aren't very much right now and the support from the General Fund.

Mr. King commented that there is a charge for Storm Drain. That charge is about \$35 or \$36 per year per resident. The total amount represents slightly over \$500,000 of the Storm Drain fee.

Ms. Denny asked how that came to the City. Was that as a result of litigation? Was that a bond issue? How did they get that extra tag on fee, our rate payers?

Ms. Suelter explained that the fee was implemented at about the time when the original bonds were issued, back in 1996. It is collected by the County on the City's behalf and it is collected alongside the wastewater fee that appears on the property tax bill.

Ms. Denny asked if that is because Coronado residents voted to approve that bond issue.

Mr. King clarified that it was fairly common that the Storm Drain fee existed prior to Prop 218 which is why it has not changed since it was originally implemented.

Mayor Tanaka reminded the Council that staff would like direction on whether or not we are interested in taking care of this \$3.3 million bond issuance and retiring that debt. If the City is interested in doing that, staff wants direction on whether or not to seek a commercial loan or whether or not to underwrite that payment out of the General Fund.

Councilmember Bailey appreciates staff bringing this type of proposal to the Council. He likes knowing that staff is actively looking at how to save the City money. He would be happy moving forward with recommendation #1 to refinance those revenue bonds. As far as Option A or Option B, he thinks it comes down to whether or not the Council feels comfortable reducing the General Fund by \$3 million to obtain a relatively small amount of savings. His personal opinion is that this provides the City with a better return than just leaving that money in our General Fund so he thinks we should pursue either A or B but his preference would probably be to use the General Fund money.

Councilmember Ovrom had some conversations earlier with the Manager about this and he is trying to gauge as to which one is best. He thinks it is maybe out of the General Fund because it helps both sides. He can live with the commercial one. It is interest friendly either way and it does save the City interest payments over the years. He thinks the answer is that we want to do it and he is probably on the General Fund side.

Mayor Tanaka is in favor of moving forward on this and if our motivation is to save money, he doesn't see why we don't cut out the middle man and use the General Fund. We have built a large

enough General Fund Reserve to be opportunistic at times like this. Using \$3.3 million of General Fund Reserves still leaves us with quite a bit left so his preference would be to move forward with that option rather than seeking a commercial loan.

Councilmember Woiwode agrees. He thinks it is rare that we get the opportunity to improve our rate of return and by lending ourselves this money we substantially do that. It is something we can do that very few other cities could do so certainly he is in favor of recommendation 1 and he is in favor of using the General Fund as the source.

Mayor Tanaka pointed out that the 12 years of repayment that are left is an amount of time that we are not handcuffing a future Council.

MSC (Bailey/Woiwode) moved that the City Council direct staff to proceed with steps to refinance the 2004 Storm Drain System Refunding Revenue Bonds, and that we use General Fund monies to loan the storm drain fund for the purpose of bond defeasance with the repayments to the General Fund using similar terms.

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

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

13. **COMMUNICATIONS - WRITTEN:**

13a. **Consideration of Request from Mayor Tanaka that the City Council Consider Reviewing the “HERO” (Home Energy Renovation Opportunity) Program at a Future Meeting and that Staff be Directed to Bring Back Pertinent Information to Discuss and Act Upon at a Future Meeting.** The City Council approved the request.

13b. **Consideration of Request from Mayor Tanaka that the City Council Hear the Proposal of Ms. Lee Ann Yarbor for a Half Marathon for October 12, 2014, at a Future Meeting and to Consider Adding this Event to Its Special Events Calendar for the 2014 Year.** Mayor Tanaka was approached by Ms. Yarbor about a month or two ago by email. She indicated that she had contacted the CHS Principal Jenny Moore and talked about a possible race on October 12, 2014, and making a chunk of the proceeds of that race available to CHS. Her problem is that she had picked October 12, in part, because of all the other groups that have to permit such an event. She had lined up most of those other permits, including one for Liberty Station and that was the one day that Liberty Station was available. If the Council rejects this request, then the normal process would be that in October of 2014 we would consider next year’s special events calendar and the earliest she could then try to schedule the race would be for 2015. He had a chance to speak with Mr. Woiwode. He expressed a few reservations.

Councilmember Woiwode commented that there are a lot of reasons he does not want to see the City go down this path. First, the City has a process and the process is not for the purpose of the race organizers but is for the purpose of City staff and for our residents so that we can put these

things together in a package that makes sense for a whole year. If we were to entertain a request to put on an event just because someone brought it up in a conversation or because an organization thinks it would be a good way to raise some money but not include it in this annual process that we have, it could be a standing item on the City Council agenda. There would be one every single Council meeting. There is a good reason for our process and he would not see any good reason for deviating from our process unless there were a truly compelling story. That is not the case in this situation. He doesn't want to see the Council waste staff time with what he sees as a predetermined outcome. We already have a half marathon in November. Why are we going to add one in October? This is an organization, as well, which has been putting on events in Coronado without getting permits for them. We already have a history of a rocky relationship with this organization. Their purpose clearly is that they are a business. They are a business that trains people and takes money to put on events to help them with their training goals and whether or not there is a donation, that is a piece of the overhead from their standpoint. Their purpose is not Coronado centric; their purpose is the conduct of these kinds of events. For all these reasons, he would see putting this on a future agenda as holding out hope that the Council might possibly approve something that in his view the City can't possibly approve.

Lee Ann Yarbor, USA Endurance Events, Inc., thanked the City Council for giving her the opportunity to present this event. She graduated from CHS in 1981 and was also Miss Coronado in 1981. This event came to her a while ago. Most importantly, the proceeds would go to CHS and to Difference Makers. She read a letter from Principal Jenny Moore in support of this request. She understands that there is a process that goes along with this. She has a little bit of a passion and personal interest in this event herself. The race would be part of what is called the California Half Marathon Series. It will bring in people from all over the state of California. There are no other half marathons in the City of San Diego in October. She is aware of the Silver Strand Half Marathon in November. They have verbal approvals from Caltrans, City of San Diego Liberty Station, the Port of San Diego. Everything is contingent, though, on the approval of Coronado.

Elise Bridges, founder and executive director, Difference Makers International, visited all the schools in Coronado four years ago. With the funds they would get from this race they would like to provide the programs for Coronado. CUSD had requested that the programs be for all Coronado schools. She spoke in support of this opportunity for this year if it is possible.

Mayor Tanaka feels that the principle issue here is the one Mr. Woiwode raised. Procedurally, do we want to say that the process is what it is, get your request in when you do and we will hear those requests in October and then set the calendar for the following year in that previous October. He is fine with that process. He agrees with Mr. Woiwode to the extent that if we get inundated with such requests then there is all the more reason to never make an exception to that. He doesn't feel like we have been inundated and therefore he is willing to consider this request. By considering it that does not mean that it is a rubber stamped yes but he doesn't see a big danger in hearing the full request from Ms. Yarbor and then deciding at a future meeting if that can be accommodated or not.

Mr. Woiwode covered all his points. To him, deviation from the process is justified in a really extraordinary case. This doesn't even meet the standards of some of the things that we have turned down in the past.

Councilmember Ovrom recalls having one request a couple of years ago where the City had the same request on short notice and ended up saying that they should work in San Diego, change the routes and then put in so that it could be considered for the following year.

Mayor Tanaka recalls that the request was heard. It was Bruce Walton and the Competitor Group. They weren't Coronado enough. The Council deliberated and said no. Part of his request is whether or not we want to have that discussion at all or Mr. Woiwode's approach would be to cut it off at the pass as being inappropriate.

Councilmember Bailey would be okay with hearing a full report. He does think that it is important for the City to retain some amount of flexibility when hearing these requests. That is not to say that he is necessarily going to support that request in the future. He could sign off on this.

MSC (Tanaka/Bailey) moved that the City Council schedule a hearing for this request at either the next Council meeting or the soonest Council meeting thereafter that is convenient with staff.

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

13c. Consideration of Request from Councilmember Bailey that the City Council Consider Designating State Highway 282 and the Portion of State Highway 75 Between the San Diego-Coronado Bridge and Naval Air Station North Island, Hereafter Referred to as the Third and Fourth Street Corridor, as the Coronado Avenue of Heroes and a Third and Fourth Streets Planning Community Presentation for Consideration of AOH Phase I Banner Program. The City Council approved the request.

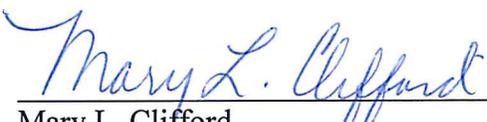
14. ADJOURNMENT: The meeting was adjourned at 6:12 p.m.

Approved: June 17, 2014



Casey Tanaka, Mayor
City of Coronado

Attest:



Mary L. Clifford
City Clerk