

**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, January 21, 2014**

Mayor Tanaka called the closed session special meeting to order at 3:30 p.m.

CALL TO ORDER / ROLL CALL

ANNOUNCEMENT OF CLOSED SESSION

- 1. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
AUTHORITY: Pursuant to Government Code Section 54956.9(d)(1)
NAME OF CASE: CITY OF CORONADO, a general law city, and as SUCCESSOR AGENCY to the COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF CORONADO vs. ANA MATOSANTOS, in her official capacity as Director of the State of California Department of Finance; et al.
SSC Case No.: 34-2013-00145407

The City Council adjourned to Closed Session at 3:31 pm.

The City Council reconvened and announced action at 3:33 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 Council 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 January 7, 2014.

MSUC(Woiwode/Bailey) moved to approve the minutes of the Regular Meeting of the City Council/the City Council Acting as the Successor Agency of January 7, 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. Presentation of Certificate of Commendation to Senior Police Chief Bill Canet. Mayor Tanaka and Commander Jesus Ochoa presented the Certificate of Commendation to Senior Police Chief Bill Canet.

4b. Presentation of Certificate of Commendation to Police Officer Sherri Mannello. Mayor Tanaka and Commander Jesus Ochoa presented the Certificate of Commendation to Officer Sherri Mannello.

4c. Proclamation: Coronado Parenting Day. Mayor Tanaka presented the proclamation to SAFE President Rich Brady and SAFE Executive Director Andrea Webster.

5. CONSENT CALENDAR: The City Council approved, adopted and/or accepted as one item of business Consent Agenda Items 5a through 5b with the addition of Items 11b and 13a.

Councilmember Bailey requested the addition of Items 11b, 11d and 13a to the Consent Calendar, with the understanding that 13a would be included by staff in the FY 14/15 workplan.

Councilmember Denny requested that Item 11d not be added. She also offered a clarification on Item 13a that the request is from Councilmember Bailey, not the Council. She abstained from voting on Item 5b.

MSUC (Woiwode/Bailey) moved that the City Council approve the Consent Calendar Items 5a through 5b with the addition of Item 11b – Consideration of Reappointment of One Incumbent to the Parks and Recreation Commission and 13a - Consideration of Request from Councilmember Bailey that the Council Consider Reviewing the City Business License Tax and the Application/Renewal Process.

AYES: Bailey, Denny, Ovrom, Woiwode, Tanaka
NAYS: None
ABSTAINING: Denny, on Item 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 Budgets for FY 2013-2014. The City Council ratified payment of City warrant Nos. 10099233 thru 10099378, audited and approved by the Audit Committee, provided there are sufficient funds on hand. The City Council approved that the warrants are correct and just and conform to the approved budgets for the Fiscal Year 2013-2014.

6. ORAL COMMUNICATIONS:

a. Doug St. Denis and Carolyn Ayres invited everyone to a Red Carpet Oscar Party on Sunday, March 2 at 4 p.m. at Nicky Rottens restaurant. The event is being sponsored by the Coronado Island Film Festival. This is something new and exciting and fun for the community and is a celebration of Hollywood’s enduring 100 year love affair with Coronado. Oscar Party Master of Ceremonies will be John Weisbarth. The Oscar ceremony will be broadcast live on three giant screens. Tickets are \$50 and will include Tim Aarons’ standby favorites and a cash bar. All proceeds will go to support the Film Festival. There will be costume and ballot prizes plus great raffle and auction items. Tickets may be purchased on their website or in person at Coronado Bliss Salon, 930 Orange Avenue.

b. Tim Aaron encouraged people to attend the Oscar event.

c. Councilmember Denny thanked the Coronado Police Department for their efforts this past weekend. She reminded people about the drought emergency and to join CERT and CERO.

7. CITY MANAGER/EXECUTIVE DIRECTOR:

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

8. **PUBLIC HEARINGS:**

8a. **Public Hearing: Appeal of the Decision of the Historic Resource Commission that the Residence Located at 1004 Tenth Street Meets the Criteria to be Designated as a Historic Resource in Accordance with Chapter 84.20 of the Municipal Code (NOI 2013-25 Union Bank Trustee).**

Mayor Tanaka disclosed an ex parte communication with Ruth Ann Fisher on this topic.

Tricia Olsen, Associate Planner, provided the staff report for this item.

Councilmember Woiwode referred to the process by which a property designated historic would have to go through in order to demolish and the Historic Application Permit which then leads to CEQA and probably a required EIR. Do we have examples of when that has been done in the past?

Ms. Olsen explained that there have been two occasions where a property has been designated and appealed and the appeal has been upheld. The first steps of that demolition of a historic resource process had started. The applicant submitted a Historic Alteration Permit for demolition of a historic resource and the City Council determined that the demolition would be an adverse impact and required an EIR. At that time, the property owner considered other plans for the project, for the property, and the EIR was not completed or submitted. One of those was 465 Palm and the other was 300 First.

Councilmember Denny clarified that the same process happened on both of those properties.

Ms. Olsen added that no EIR was ever drafted or submitted on those properties.

Scott Moomjian, appellant speaker, representing Union Bank who is the trustee for the Horton Trusts. This is a two-story, 858 sq. ft., Victorian single-family home located in the R-3 zone which is multi-family residential. The property was reportedly constructed in 1898, however, no primary historical sources support this date of construction other than the residential building record which is not primary source material. In fact, previous owners and the 1986 Coronado survey indicate that the house was moved to its present location on an unknown date. The property was owned by the Coronado Beach Company which owned all lots in Coronado from 1886 until it was sold to Herbert Rhodes, a company employee, in 1911. The identity of the architect and/or builder that was responsible for the design and construction is not known.

This property was purchased in November 1967 by Eugene and Fran Horton, specifically as a real estate investment for their family. Mr. Horton, who passed away in 2003, was a prominent San Diego attorney and he was extremely involved in Coronado civic activities. Today the property is owned by the Horton Family Trust and it was in escrow until it was involuntarily designated by the HRC on October 16 of last year. Designation of the property has caused and will continue to cause economic hardship to the Horton family which has always intended that the property would be sold for its highest value consistent with the underlying zoning and the best use for the property.

When you look at the Historic Resource Code, there are two purposes and intents that he wanted to bring to everyone's attention. One purpose is to enhance property values and increase economic and financial benefits to the City, its residents and property owners and identify as early as possible and resolve conflicts between the preservation of cultural resources and alternative land uses. Involuntary designations such as this one actually reduce property values and decrease economic and financial benefits to the City, its residents and property owners. He reiterated that this is specific to involuntary designation. Rather than resolve the conflict between preservation and alternative land uses and competing development options, the current process appears to do just the opposite. This becomes fully apparent when properties are designated without proper historical evidence and a full evaluation under the required historic designation criteria guidelines. They do not dispute the fact that the property is at least 75 years of age and qualifies under HRC Criterion C for its architecture. What is at dispute here is that they do not believe that the property merits designation under Criterion A, community development, Criterion B, historic event association and Criterion D, as the notable work of a builder.

Why doesn't the property qualify under Criterion A? There was no historical evidence which was presented which would support the finding that the property exemplifies special elements of Coronado's economic history. The HRC motion stated that the property exemplified special elements of Coronado's economic history because, "...it reflects the beginning of economy in Coronado and is an example of employee housing built by the Coronado Building Company (CBC)." Historical research indicates that the property's purported date of construction in 1898 occurred approximately 12 years after the CBC was founded and began to develop the Coronado peninsula, thus establishing the community's early history and economy. There is no historical evidence upon which to conclude that the building reflected the beginning of Coronado's economy, which by 1887 to 1889 and certainly by the time the town was incorporated, that it somehow reflected this early engine of economics. Also there is no evidence in which to establish that the property ever served as housing for CBC employees during its early history because we do know that boarding houses and tents were the norm between its purported date of construction, 1898, and its occupancy by employee Herbert Rhodes in 1905. There is also no evidence to establish that the CBC was actually the builder of the property. In terms of the finding that the property exemplifies special elements of Coronado's architectural history, the HRC motion stated that the property exemplified special elements of Coronado's architectural history because the design of the Hotel del Coronado and other large buildings and small cottages were significant to Coronado's architectural history. Aside from the rather vague and rather confusing language of the motion itself, there is no way to really understand the stylistic or the design relationship between the Hotel Del, other "large buildings" and other small cottages to this specific property. Specific architectural styles, dates of construction, levels of integrity and locations by which to create a comparative analysis were wholly lacking in the material before the HRC. Moreover, there is no evidence on which to conclude that the property exemplifies any element of design within Coronado's architectural history. For all these reasons there is clear and convincing proof that the property does not qualify under Criterion A and, more importantly, the HRC failed to correctly utilize and apply the required historic designation criteria guidelines which they are supposed to do.

Moving on to Criterion B, there is no historical evidence that was presented which would support the finding that the property's identified with the formation of the CBC as a significant event in local history. This was the underlying basis for the HRC designation under Criterion B. Again, there is no evidence whatsoever to show that the property was associated, either directly or

indirectly, with the formation of the CBC as a singular historic event. This is apparent when you look at the purported date of construction, 1898. This occurred approximately 12 years after the CBC was formed so there is really no nexus whatsoever between the formation of the CBC as a significant event and the property itself. For all of these reasons, we believe the property does not merit designation under Criterion B. He also pointed out that on page 63 of the staff report this is actually supported by City staff. HRC staff said that it does not appear that, based on this information, the dwelling is historically significant under Criterion B so staff supports this view.

This should actually be that the property does not qualify under Criterion D. Just like the other two criteria, there are no findings that the property is representative of the notable work of the CBC as a builder and this is, of course, the basis for designation under Criterion D. When the property was owned by the CBC, at the purported time of construction, 1898, there was no evidence that the property was actually built by the CBC. It is certainly possible that the property was built at its current location by an unknown contractor or builder or laborer that was not directly affiliated with CBC or built at an altogether different location and later moved to its present location. The 1986 survey indicates that it was moved. There is also some family testimony that has persisted in the idea that the property was built at a different location and moved to its present location early on in its history. There was certainly no evidence presented at the time of hearing that the property could be considered a notable example of the CBC as a builder and certainly no comparative information regarding CBC's building activities or examples of the firm's work was at all considered. For these reasons, they don't believe that the property qualifies under Criterion D and certainly the HRC failed to utilize the required historic designation criteria guidelines. This determination, like the previous determination under Criterion B, is also supported by the staff report to Council on page 64 with the statement, "...does not appear that the dwelling is historically significant under Criterion D."

In conclusion, on behalf of the Horton Trusts, they would respectfully request that the Council overturn the historic designation of 1004 Tenth Street property. This decision can clearly be supported by their own written appeal brief and oral testimony today that no historical evidence was or has been presented to support findings that the property qualifies under HRC Criteria A, B or D and that in evaluating the property's eligibility for designation the HRC failed to correctly utilize and apply the required historic designation criteria guidelines.

Councilmember Denny asked if the PowerPoint presentation from the appellant had been provided to staff or the HRC before today.

Mr. Moomjian responded that it was emailed to the City Clerk today. He added that on January 6 the written appeal brief was also filed with the City Clerk.

Dave Gillingham and Jon Ryan spoke for the HRC.

Mr. Gillingham appreciates Ms. Denny's question as there were a number of things on the slides today that were a slightly different look at the problem than was presented in the letter from Mr. Moomjian. He added that the HRC has no desire to create hardship for anybody. Their mission is to take the guidelines that the Council has given them, interpret them and provide a result. He pointed out that he is a developer and ordinarily when he is presented with a development opportunity or someone else's development opportunity his reaction would be generally on the positive side. Again, as a member of the HRC, the guidelines are very specific and they try to

interpret them as well as they can. The letter is very well written and Mr. Moomjian focuses on specific words and phrases that they used in crafting a motion in a matter of minutes. He feels that all members of the HRC realize that they need to be a little bit more careful about exactly how they word their motions and staff always tries to get them to be more careful. The essence of what they believe came out in the results. He also thinks that Mr. Moomjian is demanding a rather high level of proof in this case. He is asking for historic fact in a number of things where there is no evidence. We can infer a lot of things. It is very likely that this house was the result of the work of CBC. The HRC believes that it was built by the CBC as employee housing and they also believe that it is a rather unique example and a notable work in that regard all by itself because of that. It may be one of the last ones. He loved Mr. Moomjian's summary and he does agree with one of his premises in that the whole process ought to be as voluntary as possible but he does not agree that the natives are going to rise up against all of us because of this decision. Again, it would be nice if it was all voluntary.

Specifically, with respect to Criterion A, staff agreed that Criterion A applies. He thinks that the special element of history that is distinct among others of its kind and surpasses the usual insignificance applies in this case simply because it might be the last one. He agrees with Mr. Moomjian that Criterion B was misapplied. It should not be considered. All parties agree on Criterion C. He disagrees with staff on Criterion D. Mr. Moomjian suggests that absent concrete evidence we are precluded from considering the possibility that this home is the sole survivor. Again, that evidence just doesn't exist. The HRC asked the applicant repeatedly at the hearing what about the idea that this could be the last one. The answer was that we don't know. That does not answer the question. He thinks we need to err on the side of caution in that regard. He urges the Council to uphold the decision of the HRC.

Mr. Ryan spoke on behalf of the HRC. He is looking at the bigger picture and wants to put it in perspective if he can. He has served for 13 years. All those serving are qualified appointees by the Council. HRC has been in existence for somewhere right around 13 years. The current Mayor was the chair in the beginning. In that 13-year period of time, the HRC has successfully accepted voluntary dedications of almost 200 homes in Coronado and the estimate is that we will probably see that number someday be 250. The HRC is now approaching nearly 100 Mills Act homes. On the other side of the coin, they have approved more than 250 homes to be demolished. It has been a lot of work. Their agenda will be 3 to 5 pieces of real estate every time. With those numbers what is rather interesting is that they have only had about a handful of appeals so their batting average is pretty good. This case is interesting. It does meet a number of the criteria yet some of the exact history was not available. On the other side of this case is a little Orphan Annie that is in the way of development in the wrong residential zone. We all wish we could move the house to some other location but that is not their choice. The HRC will support whatever decision the Council reaches.

Mr. Moomjian has a lot of respect for Commissioner Gillingham and thinks he does terrific developments and he feels there is more agreement than disagreement. Mr. Gillingham had indicated that Mr. Moomjian was asking for a high level of proof and a level of certainty in this process. He thinks, to a large degree, he is absolutely correct. He thinks that the HRC and the City Council ought to hold up involuntary designation applications and properties to certainly a higher level of proof. The record is very clear when you go back and read it. The HRC struggled with the level of historical information and documentation before it at the time of designation. The attorney representing the trust at that time had indicated that she had little or no information with

respect to the CBC, with respect to whether it is the last of its kind, whether or not it was a historically significant due to relationship with CBC. He believes that at that time what should have occurred is that the HRC should have continued the matter until the applicant had an opportunity to do the additional historical research and certainly do a comparative analysis to determine whether it is the last one of its kind. He does believe that in matters of involuntary historic designation that there should be a higher level of proof or at least an opportunity for the applicant, at the time of designation, to go back and do the necessary historic research and then come back to the HRC. At the end of the day, if the information isn't there then there is a full vetting but that needs to occur. Mr. Gillingham had also indicated that we should be erring on the side of caution. He thinks that having the ability for the applicant to do additional historic research errs on the side of caution and gives the applicant the ability to address the HRC's concerns.

Mayor Tanaka opened the public hearing.

Pat Callahan spoke as the attorney representing the administrative aspect of the Horton Family Trust. The Horton Family Trust became distributable at the time of Fran Horton's death. She died December 31, 2012, and at that point the Trust had the responsibility of mustering the assets and marketing the assets for purposes of making distribution to the children and grandchildren of Fran and Gene Horton. The Trust has a duty to preserve and maintain the value of the Trust assets and the Trust properties. The involuntary designation of 1004 Tenth Street has complicated and delayed Trust administration. The designation of this one property has also adversely affected the value of the adjacent property. The Horton Family Trust has the property at 1008 and 1004. 1008 was granted a Demolition Permit. Right next to the property at 1008 is the parking lot for Chase Bank and then Chase Bank on the corner. The location is such that its use and its designated use is that of a multi-family. They have been in escrow and the purchasers have made it a contingency that the property not be designated historic. This has complicated, again, the process and adversely affected not only the value of the 1004 property which is an 858 sq. ft. home on a 5600 sq. ft. lot that has been zoned R-3 but also the property next to it which is a 40 ft. by 140 ft. lot. This has made it difficult to maximize the utility of the property and has delayed again the marketing and administration of the Trust. He asked the Council to grant this appeal reversing the involuntary designation and allowing Trust administration to go forward in the marketing of the property to move forward in a way that preserves value to the family and to the community.

Peter Horton is the grandson of Eugene and Fran Horton. He expressed the level of frustration and stress that this designation has caused his family with the administration of this Trust. Personally he has a modest income and is the sole source of support for a wife and newborn son in San Diego and is the brother of two other beneficiaries one of whom has a 15-month-old daughter and the other of whom has some developmental disabilities with no source of income that they help support. He can honestly say that this decision impacts three generations of the Horton family and they respectfully request that the Council reverse this designation.

Mayor Tanaka closed the public hearing.

Mayor Tanaka agrees with the HRC on the four grounds that they listed. He thinks that the language used for A needs to be cleaned up and he has language to propose for that. He thinks that for B there is one small correction that needs to be made and for C and D he does not see any needed corrections. He does agree with the decision rendered by the HRC and he does agree with how they saw and applied the facts.

Councilmember Ovrom disagrees with Mayor Tanaka. Pages 62 and 63 of the staff report talk primarily about Criterion A. What it does is lay out the HRC's findings, the staff analysis and you weigh those against the appellant's argument against these. He picked up a couple of things in the staff analysis that he thought were significant. The first one is that these small Victorian homes were built on spec and may have been worker housing for employees. They are either built on spec or as employee housing. He does not see how they are doing both. They may conveniently turn into employee housing because they can't sell them but the whole reason for Coronado was to sell the land to build on and not necessarily for employees. The Hotel Del, then used the Oxford Hotel, as housing for hotel employees. He is having a little bit of a struggle saying that this was employee housing. The staff report also says that the dwelling *may* be historically significant under Criterion A because it exemplifies an early period of Victorian development in Coronado and as an example of employee housing. He does not agree with that last statement. He does not think it is an example of employee housing. As it was stated earlier in the staff report, it is an example of some houses that were built on spec. He cannot support the HRC on A. Staff says that on Criterion D it does not appear that the dwelling is historically significant under D and he would agree with that. Under C everyone seems to think that it is and he can support that one. He goes back to B. It was based primarily on the assumption that it was constructed by the CBC. Staff says that it does not appear that this dwelling is historically significant under B so from his point of view he can't support A, B or D. He is in agreement with staff on C.

Councilmember Bailey commented that according to the mission statement of the HRC preservation is supposed to be voluntary. The fact that this is an involuntary designation troubles him. He agrees with staff's findings as well as the appellants on Criteria B, C and D. He thinks Criterion A is a bit of a stretch and given that it is not completely substantiated he would tend to err on the side of the appellant. He thinks that is the cautious decision. He is not necessarily in favor of reducing property rights when we can't substantiate Criterion A so he would be in favor of overturning the HRC decision.

Mayor Tanaka asked for clarification on which of A, B, C and D Mr. Ovrom and Mr. Bailey find the dwelling to be historic. The response was that on A, B and D they both believe it did not meet the standard on any of those three.

Councilmember Denny wants to address all of the concerns that were taken in order of them on the record. She can't support Mr. Moonjiam's arguments as things like economic hardship aren't something that they consider in terms of the historic resources designation law in Coronado. So while Mr. Moonjiam and others made those economic hardship arguments and while she recognizes them it is something that they are not under advisement or are just not in consideration today for this particular historic designation process. While involuntary designation is always hard, no one necessarily enjoys it but at the same time the economic value to historic designation is really clear and settled. It is called the Halo Effect and when towns preserve their historic treasures that actually helps the entire town in terms of property values for neighbors, keeping them strong and high, and it also helps tourism and people that come and want to see our island because of the beautiful historic homes. She can definitely support the HRC designation and request and wants to make the point that the HRC stating that this is the last such Victorian home from that time period is important. In that regard, the appellant's argument that there are many such homes necessarily fails based on those facts that were brought to us by the HRC members. It says a lot that Mr. Gillingham indicated that he is a builder and that he would save this home.

That is the kind of evidence that ranks very high and should rank very high in consideration when we are doing these appeals. The HRC members are volunteers and she feels that this is arguably the hardest working commission. All of their work is most definitely appreciated. It is very technical and the HRC has applied all of the criteria very fairly and accurately. That is why she can support it. Mr. Ryan's statements that while 200 historic homes have been designated and approximately 100 of those are accepted or will be accepted into the Mills Act yet there have been quite a few demolished with 250 of those and he is correct in that there have been very few appeals. This little Orphan Annie will have a buyer somewhere who will make it shine. It will have value for someone. The standard of proof as mentioned by the appellant, his viewpoint, isn't dispositive. This volunteer body of trained Historic Resources Commissioners did an excellent job and while she appreciates Mr. Horton and Mr. Callahan talking about the estate issues, at the same time this is our process in Coronado. This is the law that we follow, the legal process for historic designation. She finds that it has been followed quite fine, to the letter and she is very happy to support the designation of this home for the value of our City and to help keep our village atmosphere and save this treasure.

Mayor Tanaka clarified that Ms. Denny supports A, B, C and D.

Councilmember Woiwode commented that recognizing that this is an economic hardship and that having a home like it is, a small home like this in an R-3 area, is an unintended consequence of our process but that is not what is before the Council. The Council is to discuss whether or not this meets the criteria that were set up for designating historic. The short answer for him is yes on A, yes on C, no on B and no on D.

MS (Woiwode/Denny) moved that the City Council uphold the decision of the Historic Resource Committee on the basis of this being an example of employee housing constructed by the Coronado Beach Company under Criterion A and Criterion C already agreed to by all parties.

Mayor Tanaka offered alternate wording for the motion.

MSC (Woiwode/Denny) moved that the City Council uphold the decision of the Historic Resource Committee as the property, with respect to Criterion A, exemplifies special elements of Coronado's economic history because it reflects the beginning of an economy in Coronado when speculators known as the Coronado Beach Company developed a resort and were then helped out of their investment by John D. Spreckels; and, the subject dwelling is an example of employee housing built by the Coronado Beach Company. The dwelling exemplifies a special element of Coronado's architectural history because it was part of the growth of Victorian architecture in the early years of the City of Coronado and was inclusive of small cottages, such as the subject dwelling. With respect to Criterion C, it possesses distinctive characteristics of the Folk Victorian architectural style, and is valuable for the study of type, period, or method of construction and has not been substantially altered.

City Attorney Johanna Canlas commented that, in this particular case, this case is before the Council as de novo. The Council's finding substitutes the finding of the HRC. The Council's findings will be memorialized and will be part of the record and is the final decision in this matter.

The friendly amendment was accepted.

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

9. **ADMINISTRATIVE HEARINGS:** None.

10. **COMMISSION AND COMMITTEE REPORTS:**

10a. **Report from the Port Commissioner Concerning Port Activities.** Port Commissioner Garry Bonelli thanked the Council for its support. He appreciates the time the City Manager gave him in helping explain some of the issues before the Port that are of importance to the City. He would like to make sure that the Chief Executive at the Port meets with the City Manager on a regular basis. He has met with leadership from various groups around town in his first 10 days on the Port. He has sat down with the Port leadership, their executive leadership group, to talk about the Port in general and provide some orientation. He has scheduled a meeting with the Port executive staff next Tuesday to talk about Coronado specifics from their point of view. The Port has embarked on a very ambitious 50-year visionary plan. They are holding public meetings around the Bay and he will make sure that there are several held in the City of Coronado. He has also been invited by the South County Economic Development Council to attend a meeting about their visionary plan. The Chairman, Chairman Nelson, is out of town next week and Admiral Bonelli will be representing the Port at the SANDAG Retreat next week.

Councilmember Woiwode asked about the Cruise Around the Bay that was held last week and was unable to attend. He asked if there are highlights from that event.

Admiral Bonelli explained that the Mission Vision Corporation is pushing hard to have a cement type operation at the Tenth Street Terminal and they are looking into doing that.

Councilmember Denny thanked Admiral Bonelli for meeting with the CCHOA, the Trust to Preserve the South Grand Caribe Island, and Coronado Cays Yacht Club.

11. **CITY COUNCIL BUSINESS:**

11a. **Council Reports on Inter-Agency Committee and Board Assignments.** Mayor Tanaka asked the Council members to report at the next meeting or submit their reports in writing.

11b. Consideration of a Reappointment of One Incumbent to the Parks and Recreation Commission. Under Consent, the City Council appointed Jefferson Allison III to a second three-year term to expire on January 31, 2017.

11c. Consideration of Appointment to Fill One Vacancy on the Parks and Recreation Commission. Mayor Tanaka explained the process to be used and invited the candidates to address the Council. He noted Ms. Keszei was unable to attend but had submitted an e-mail to the Council.

Scott Chasin introduced himself to the City Council and public.

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

Scott Chasin	five votes
Stacy Keszei	four votes

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

Scott Chasin	four votes
Stacy Keszei	two votes

MSUC(Tanaka/Ovrom) moved that the City Council appoint Scott Chasin to the Parks and Recreation Commission for a full three-year term ending January 31, 2017.

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

11d. Authorization for the Director of Engineering and Project Development to Reissue Encroachment Permits to Continue to Allow Outdoor Dining Areas and Other Amenities in the Public Right-of-Way and Amend the Corresponding Commercial Use Permits Adjacent to the Following Properties: 126 Orange Avenue (Coronado Firehouse Bar & Grill); 116-120 Orange Avenue (Sapori and Saiko Sushi); and 100-104 Orange Avenue (Nicky Rottens Bar and Burger Joint). Ed Walton, Director of Engineering, provided the staff report on this item.

Councilmember Denny feels this is a no brainer as long as the permit holders are performing in line with the terms of their permits then it is something that she is pleased to support. She asked for further information about the conditions of awnings not being followed.

Mr. Walton explained that the Encroachment Permit dealt strictly with the outdoor dining area but there are also other items such as awnings and roof overhangs that are part of the Encroachment Permit that have never been brought up before as a concern to anyone but they are also included and will be renewed with the Encroachment Permit.

City Manager Blair King added that in the staff report there are the encroachments that deal with the outdoor dining area but also technically the awnings encroach into the public right-of-way from the property line. This is very standard in terms of other encroachments consistent with the Orange Avenue corridor and they just have to be captured within the permit. As the Council knows, the City has gone in either 12 or six-month incremental steps with approval and this is the first time that all of these addresses are before the Council simultaneously.

Ms. Denny feels that does make the process more streamlined and she appreciates that. Her question then becomes whether all three of the permit holders are in complete compliance with all of the conditions of the permits.

Mr. Walton responded that the City has changed the conditions of the Special Use Permit. Those are standardized. He has not had any complaints about any of the operations of any of the restaurants.

Ms. Denny said her decision isn't driven by whether or not there are complaints but is driven by whether or not the permit holders are following the terms of the conditions. Her question is whether staff is representing here today that all three permit holders are following the conditions of all the permits.

Mr. Walton explained that staff is not out there 24/7 but from public comments and what he has heard they are.

Ms. Denny clarified that the answer is yes.

Councilmember Ovrom noticed that on two of the slides that the wells by the trees are dirt. Is there any reason why we can't get some concrete and at least put it in there so that they are walkable and not trippable?

Mr. King feels that is an issue that staff could deal with. Based upon the comments at the last review, it was felt that the landscaping around the base of the trees created a problem for people to pass. Public Services removed those. There could be a variety of different treatments. There is a slight depression. Tree grates are a little bit of an unusual pattern but grates could be put in there or other things could be done. Staff is anticipating that people used that tree well area to traverse and walk where they can.

Mayor Tanaka asked if it is fair to stipulate that Mr. Ovrom is saying to make sure we do something. Staff is in agreement that the City will do something to improve that area without breaking the bank.

Mr. Ovrom recalls that in this year's CIP there is \$125,000 for the design down there, however, staff's workload is such that Mr. Walton does not think they'll get there.

Mr. Walton agreed that was the case when he sent out his initial work plan, knowing that it is not programmed for construction until 2016/17. That item has been a late start so staff hasn't started work on it. There is time because it is not programmed until 2016/17 but staff can start it at any time the Council would like.

Mr. Ovrom pointed out that the recommendation says that this series of encroachments is going to work and go forward until such time as the City does that work. If the Council isn't happy with that, then they can tell staff to get busy.

Mr. Walton added that Council could direct staff that it be modified to allow the existing encroachments as well into part of the design.

Councilmember Woiwode stated that when the Council came up with the encroachments for outdoor dining that exist now the City was dealing with plans, business plans, that the Council could see. The Council knew what the business was and specifically how much space they wanted in order to conduct the outdoor dining portion of the business. Do we know that in the case of The Firehouse since it is changing businesses?

Mr. Walton responded that we do not.

Mayor Tanaka invited public comment.

Tim Aaron, Nicky Rottens and 126 Orange Avenue, explained that they are going to put a Shiima Japanese Steakhouse, a Benihanas, into the Coronado Firehouse. The doors and windows that roll up at The Firehouse will be fixed now. That problem won't exist anymore. He knows that some residents had concerns about noise and people out on that patio area and it is fixed now. It is going to be a bona fide restaurant, opening at 5 p.m. probably until 10 p.m. On Friday, Saturday, Sunday it will probably open at 1 p.m. or noon for full family-style service. There are good things happening down at that area now with the residents. The outside patio area will be a nice waiting area. If he doesn't have that outside patio area, he will have a lot of people just hanging in the streets. It would be nice to corral them into that gated area while they wait for their table. He does know it is a privilege to have that outside patio area. He hopes the Council will continue to keep it the way it is.

Rob Crenshaw feels that these guys really make it nice up there and he'd like to see the permanence come with the outdoor patios rather than coming back every six months and revisiting this.

Bill Perkins owns 116 through 120 Orange Avenue. He feels that everything on the north end is going great and as far as his two tenants go, they are first class. He thinks that reflects the way the business has been and he would like to get a little longer extension of time for these visits. We all know that the City can cancel this with 90 days either side and he wouldn't have to plan his year around January.

Meredith Scott lives at 200 Orange Avenue with her husband. They are delighted that the enhancement project for the 100 block of Orange Avenue is finally open for discussion. Before we can discuss enhancements, we need to recognize two basic facts. One is that the 100 block of Orange Avenue is part of a 34-year-old view corridor to the Bay. It was established in 1980 by our Coastal Plan and it is under the jurisdiction of the California Coastal Commission. The second is that this official view corridor to the Bay is slowly vanishing behind young City trees that are much too wide for a view corridor. What is blocking you down there in the 100 block are the trees. This official view corridor, Coronado Coastal Act, corridors are created to create permanent views to scenic coastal areas. The City trees are required to be planted and cared for in a manner that preserves views to the Bay and the beach. The City has been most responsive to trimming requests

but it is a losing battle. These young trees have an average mature width of 30 to 40 ft. These are not view corridor trees. Mayor Tanaka has referred to the entire 100 block as the gateway to our best view in the City. She agrees and thinks that any enhancement of the 100 block must begin with restoring an unobstructed view through the entire block of Orange Avenue to San Diego Bay and skyline. Finally, she asked that the Council remember that Coastal Plan resolutions are not just suggestions. They are rules mandated by the State of California and they are agreed to by the City of Coronado. There should be tall and thin trees there. That is the encroachment on the 100 block that is troublesome. She lives at the corner of Second and Orange and the view is disappearing.

Anthony Pascal, Saiko Sushi, asked the Council to grant the patio permits and respectfully petitioned the Council to eliminate the need for the annual renewal of their sidewalk encroachment permits solely on the basis that the annual renewal is just no longer necessary. He understands the City's desire for the ability to rescind the sidewalk encroachment permits, primarily for what he can only believe to be the development and implementation of the Downtown Enhancement Project; however, the City already has the right to do that without the need of this annual renewal. Item #4 of the amendment to the encroachment permit states that the term of this encroachment permit is temporary until the completion and acceptance of the DTEP IV and may be revoked by the City or abandoned by the permittee at any time. The City shall mail written notice of revocation to permittee which shall set forth the date upon which the benefits of the encroachment permits are to cease. Additionally, the amended permit for use of City Property states that this permit is approved on a temporary basis and shall expire on the date that the City Council approves the final design for Phase IV of the DTEP. The encroachment permits have already been amended to grant the City sufficient power to revoke them whenever the need arises and they automatically expire when the DTEP is ready to commence. The additional requirement of this annual or every six months review is an unnecessary burden of time on both the City Council and the permit holders. Everyone understands why this annual permit was designed initially; however, he thinks that those issues are not pertinent anymore. He asked the Council to allow the permits to stand uninterrupted until there is a real and credible need to revoke them.

Rita Sarich, Coronado MainStreet, stated that the Board of Coronado MainStreet supports the staff recommendation to reissue the permits until the DTEP IV is final for both the 100 and the 800 block. She would also like to get the MainStreet perspective on the record again. That is that the Board feels that the permits should be consistent throughout the commercial district. It is interesting because the City, the Chamber and MainStreet just put out a 'storefront etiquette' letter last summer to remind the businesses in the commercial district to keep their merchandise within five feet of their building. She wanted to remind the Council that this is applying a different standard and that is fine until we can talk about it again for the DTEP IV.

Karen Finch, Coronado Chamber of Commerce, commented that the revitalization and transformation of the 100 block of Orange Avenue has been significant. This has happened over the past several years because of a lot of very passionate and dedicated individuals coming together to work towards a common goal. Once the DTEP IV takes place for this unique block, it is going to truly earn its appropriate title of being the gateway to our community. The Chamber supports the staff recommendation to reissue renewal encroachment permits for 100 to 104 Orange Avenue, 116 to 120 Orange Avenue, and 126 Orange Avenue. All restaurants have the same set of conditions placed on them addressing previous concerns. All the restaurants also have similar square footage for all of their encroachments. The restaurant owners have proven their

commitment to the community by working hard to achieve a product we can all be proud of and coming full circle to improve the quality of life for all.

Mayor Tanaka very much agrees with the staff recommendation and also thinks it is important to note that with these restaurants they have had to come back on an annual basis since 2010 and it is his opinion that the City has had adequate time to vet both what they said they would do, what they are doing and what the public would accept. He doesn't see any reason to continue this annual review. He thinks page 276 of the staff report shows, with the staff recommendation, to maintain this until the time when DTEP IV is fully contemplated and once the City knows what it wants to do on the 100 block of Orange under DTEP IV then that is the time to have a discussion about whether the encroachments will be limited to five feet or whether or not they will maintain the current six or eight feet. Until we get to DTEP IV, which he does not think will be for another year or two at a minimum, this ought to take care of the approvals.

Councilmember Ovrom thinks that what Mr. Walton said is that the dollars for the actual work done in the 100 block are FY 2016/17 which means that the design will be done in FY 2015/16.

Councilmember Denny wants to make the record very clear so that we know exactly what we are doing here today. We have streamlined the process. We are looking at all three encroachment permits and when we talk about encroachment permits we are talking about the outdoor dining portion and are not talking about any other conditions. Her question goes to the fact that there was quite a bit of public input when we did our first conditional use permit in Coronado and she would like it somehow to put in clear words for the public what is actually happening today. Are we touching that or are we touching just the encroachment?

City Manager Blair King explained that the action before the Council is the encroachment permits and the Commercial Use Permit. The difference with the 100 block versus all other blocks along Orange Avenue is that these are the only locations the City is issuing encroachment permits and also the only location in which they are charging a Commercial Use Permit. The Commercial Use Permits are part and parcel. It is upon the Commercial Use Permits that conditions are placed. Staff copied the conditions that the Council last imposed upon the previous Firehouse restaurant and those conditions were the same for all of these three/four businesses in terms of closing doors, closing windows, positioning TVs, not letting noise emit out, and issues of live music. The other thing that has been mentioned is that in these encroachment permits, embedded in them, are the awnings. They went part and parcel to the outdoor dining and also the projections into the right-of-way. The projections have never been an issue for the Council that he is aware.

Ms. Denny commented that it would be fair to say that we are not remanding or changing or taking back any of those conditions today with any action that is taken.

Mr. King responded that some of the conditions over time have been modified because Nicky Rottens now has an ABC permit which covers their outdoor dining area. Conditions that are included in their ABC license are not being repeated in these permits.

Ms. Denny asked if it is accurate to say that we are not taking back or reducing or remanding or changing any of the other non-ABC conditions that were first agreed upon by the Council and, for example, Mr. Aaron of Nicky Rottens.

Mr. King explained that there was a condition to provide for a guard service related to Nicky Rottens. That was a difficult condition to impose. It was not the same condition as the other outlets and when you look up the conditions related to the Firehouse, staff pointed out that those conditions were designed to go forward to apply to all others.

Ms. Denny clarified that the City is not requiring that there be a security guard. That requirement is being removed from the original permit. Ms. Denny asked about the valet parking and things like that.

Mr. King responded that is a land use issue that is not a part of this discussion.

Ms. Denny further clarified that the conditions are the same. We are not removing any conditions.

Mr. King pointed out the removal of the requirement for the security guard.

Ms. Denny asked if there are any other conditions in addition to the security guard removal that we are removing or remanding today.

Mr. King also pointed out that Nicky Rottens had a condition that said that they couldn't congregate and smoke. That is now overcome by other events because you can't smoke on the sidewalk anyway so that is no longer needed.

Ms. Denny summarized that the smoking addition has gone away, the valet parking issue is not being removed from the permit at this point.

Mr. King explained that the valet parking was never a part of this. That was part of the land use in terms of parking obligations for the restaurant.

MSUC(Ovrom/Woiwode) moved that the City Council authorize the Director of Engineering and Project Development to reissue encroachment permits for the three properties listed above to allow the structures to remain in the public right-of-way as constructed (as previously approved) until plans for the Downtown Enhancement Phase IV (DTEP IV) project have been finalized. The City Council also directed that the corresponding Permits for Use of City Property for Commercial Activity be reissued in conjunction with these encroachment permits.

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

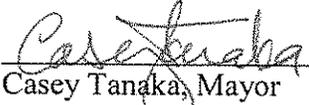
12. **CITY ATTORNEY:** No report.

13. COMMUNICATIONS - WRITTEN:

13a. Consideration of Request from Councilmember Bailey that the Council Consider Reviewing the City Business License Tax and the Application/Renewal Process.
Under Consent, the City Council approved the request.

14. ADJOURNMENT: The meeting was adjourned at 5:44 p.m.

Approved: February 4, 2014



Casey Tanaka, Mayor
City of Coronado

Attest:



Mary L. Clifford
City Clerk