

MINUTES
SPECIAL JOINT CITY COUNCIL / IMPROVEMENT AGENCY MEETING
MONDAY, MARCH 31, 2008

CALL TO ORDER Mayor/Chair Shoals called the meeting to order at 6:30 p.m. in the City Hall Council Chambers, 154 South Eighth Street, Grover Beach, California.

ROLL CALL

City Council: Council/Board Members Ashton, Bright, Mayor Pro Tem/Vice Chair Nicolls, and Mayor/Chair Shoals were present. Council/Board Member Lieberman was absent.

City Staff: City Manager/Executive Director Perrault, City Attorney/General Counsel Koczanowicz, City Clerk/Agency Secretary McMahon, Administrative Services Director/Finance Officer Chapman, Community Development Director/Deputy Director Hansen, Police Chief Copsey, Fire Chief Hubert, Public Works Superintendent Ford, and Planning Manager Gould-Wells were also present.

Also present was City Engineer Garing and Garing Taylor Associates CEO Jeff Emrick.

The following invited representatives were also present:

- Pacifica Hosts, Inc: Project Manager Allison Rolfe and Director of Hotel Operations Bill Freeman;
- California State Department of Parks and Recreation, San Luis Obispo Coast District: Special Projects Chief Don Kinney;
- Pavement Management, Inc.: Vice President and Principal Joe Ririe; and
- Northcross, Hill, Ach: Financial Advisor Craig Hill.

PUBLIC COMMUNICATIONS

The Mayor opened the floor to any member of the public for comment on any items described in this agenda.

- A. Steve Dayton, owner of Grover Beach Motorsports in Grover Beach and Steve's ATV Rentals in Oceano, raised concerns regarding the potential sale of County-owned land at Oceano Dunes to the California Department of Parks and Recreation, and potential impacts to the local economy if access for recreational activities in the dunes area was reduced or eliminated.

There were no further public comments received.

CITY COUNCIL / IMPROVEMENT AGENCY - BUSINESS

CC/IA-1. Authorization to Issue a Notice of Intent to Award a Contract to Pacifica Hosts, Inc., of San Diego.

Mayor/Chair Shoals read the title to the foregoing item and deferred to staff for a report. For the information of those present, City Manager / Executive Director Perrault gave a brief overview of the Joint Powers Agreement (JPA) with the California Department of Parks and Recreation to develop a resort hotel and conference center on a 7.5 acre state-owned site along West Grand Avenue, just west of Highway 1. He stated that, according to the JPA, the State would make the property available for a 50-year period and the City would take the lead to facilitate project development, adhering to the State's procedures for procuring a project developer and concessionaire.

City Manager/Executive Director Perrault provided an overview of: 1) the Request for Proposal process that was jointly issued by the City and State in August 2007 to solicit interested parties in becoming the developer/concessionaire; 2) the review process conducted in March 2008 by a six-member Award Board and three-member technical review team of the proposal presented by Pacifica Hosts, Inc.; and also 3) summarized the qualifications of the proposer, Pacifica Hosts, Inc., a company based in San Diego, California. He then briefed the Council/Agency Board regarding the proposed 135-room hotel and conference facility, which would also include a dining facility.

He stated that the Award Board had determined the proposal met or exceeded the minimum requirements of all but one category regarding "small business", under which Pacifica Hosts did not qualify. He briefly reviewed other comments provided by the Board and emphasized that a contract was not being contemplated at this time, but rather the focus was on issuing the Notice of Intent to Award. If it was approved by both the City and State, staff from both agencies would then begin the next phase of contract negotiations.

City Manager/Executive Director Perrault and City Attorney/General Counsel Koczanowicz responded to questions from the Council/Board regarding provisions in the JPA as to revenue sharing and performance obligations.

Mayor/Chair Shoals invited public comments on this item.

Don Kinney, State Parks representative, provided additional information in response to Council/Board comments regarding contract bond requirements and the proposed restaurant facility.

Project Manager Allison Rolfe and Director of Hotel Operations Bill Freeman of Pacifica Hosts, Inc., provided an overview of the company's qualifications and experience in hotel developments, and displayed illustrations and photos of several hotels and spas located in coastal communities in the United States as well as internationally. Ms. Rolfe provided a verbal overview of the proposed hotel and conference facility proposed for Grover Beach. She and Mr. Freeman confirmed that the proposed design was being modified and that concerns raised by the Award Board and Council/Agency could still be addressed. They also responded to questions regarding other hotel properties which were operated with long-term lease agreements and the estimated number of employment opportunities the project could provide for local residents.

John Koepf, Arroyo Grande resident and Grover Beach commercial property owner, spoke in support of the proposed hotel and conference facility project.

There were no further public comments received.

Action: Upon m/s by Mayor Pro Tem/Vice Chair Nicolls, Council/Board Member Bright, the City Council / Improvement Agency authorized issuing the Notice of Intent to Award a Contract to Pacifica Hosts, Inc., for the construction and operation of the Grover Beach Lodge and Conference Center. The motion carried on the following roll call vote:

AYES: Council/Board Members Ashton, Bright, Mayor Pro Tem/Vice Chair Nicolls, and Mayor/Chair Shoals.
NOES: Council/Board Members - None.
ABSENT: Council/Board Member Lieberman.
ABSTAIN: Council/Board Members - None.

Recess: Upon consensus of the Council/Board, the meeting recessed at 7:32 p.m.

Reconvene: At 7:43 p.m., the meeting reconvened with all Council/Board Members present, except for Council/Board Member Lieberman who was absent from this meeting.

CITY COUNCIL - WORKSHOP

CC-1. Development of a Long-term Strategy for the Rehabilitation of Local Streets. *(Continued discussion regarding a long-term strategy for local street rehabilitation from workshops held August 7, 2007 and October 10, 2007.)*

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. For the information of those present, City Manager Perrault stated that this item was another in a continuing series of work-study sessions regarding the issue of street rehabilitation, and was a follow-up to direction given at the October 10, 2007 workshop regarding the Pavement Management System, narrowing streets on Longbranch and Newport Avenues, and financing options for street repairs.

Pavement Management System (PMS)

City Manager Perrault gave a brief overview of the system currently utilized to analyze and rate each street segment in the City. He stated that costs to rehabilitate all streets were previously estimated to be in excess of \$40 million. In order to verify the validity of that estimate, the City had an independent expert, Pavement

Management Incorporated (PMI) conduct a peer review of the system. PMI determined that the City's overall street condition was slightly lower than previously recognized, at a rating of 55 rather than 62 on a scale of 0-100, with "100" representing a street in excellent condition. Additionally, using more recent construction cost data, PMI determined that the overall estimate to repair streets was a lower cost estimate of approximately \$33 million. He then introduced Joe Ririe of Pavement Management Incorporated.

Mr. Ririe provided an overview of typical pavement structures, deterioration rates of various street types depending upon traffic volume and weight loads, various types and causes of street deterioration, and various factors that determined pavement condition.

He then provided an overview of street preservation methods: 1) the best "pavement condition index" procedure, i.e., for streets in the best condition requiring the least amount of funding to repair/rehabilitate, was to focus maintenance and rehabilitation efforts on the best streets in the system in a "top down" process; 2) the worst procedure was to focus maintenance and rehabilitation efforts on the worst streets in the system, in a "bottom up" process; and 3) the most economical procedure in the long run would be to focus maintenance and rehabilitation efforts on those streets rated at above rather than below the "critical point" in the pavement condition index; in other words, focusing on streets that were determined to still be in "good" condition.

In response to Council questions, he recommended against establishing a specific percentage number for street rehabilitation maintenance efforts, but recommended instead establishing general guidelines to allow flexibility in response to available funding, overall system conditions, and community/political needs. He further suggested establishing an average citywide street condition goal that was higher for arterial and collector streets because those streets were more visible to more members of the public, or establishing street condition goals for specific "regions", "zones" or "neighborhoods".

Narrowing Longbranch and Newport Avenues

City Manager Perrault introduced City Engineer Garing and Garing Taylor Associates Chief Executive Officer Jeff Emrick. Mr. Emrick provided an overview of previous Council direction to research options for narrowing Longbranch and Newport Avenues to: 1) reduce paved areas and lower maintenance costs in the future; 2) reduce the visual impact of large paved areas; and 3) enhance the visual appeal of the neighborhood.

He reviewed the two options analyzed by staff which had similar initial implementation costs: 1) reducing the street width to conform with City standards in residential areas; or 2) installing medians similar to those already located on Longbranch Avenue. He pointed out that ongoing maintenance costs for medians would be an additional cost, depending upon the amount and type of landscaping installed.

Mr. Emrick and City Manager Perrault responded to questions regarding: potential grant or federal funding opportunities if this were designated a pedestrian demonstration project; various curb, gutter and sidewalk conditions that would need to be addressed if the street widths were reduced; and opportunities in the future to receive public input and comments regarding these proposed design concepts for narrowing streets.

Financing Options - Additional Analysis

Craig Hill from Northcross, Hill and Ach provided an overview of financing options to fund street improvement projects at various levels, ranging from \$10 million to \$33 million. He cited various sample scenarios for General Obligation Bonds and Special Tax Bonds at each funding level, described the pros and cons of each option, and explained the tax implications to property owners under each situation.

City Manager Perrault concluded the presentations by summarizing the following recommendations:

- 1) Develop a program to rehabilitate all arterial and collector streets in one square block to each side of major streets at an estimated cost of \$15 to \$18 million;
- 2) Narrow Longbranch and Newport Avenues as a demonstration project and remove these street segments from the City's Street Rehabilitation Program;
- 3) Size a bond at \$15 to \$18 million using Special Tax Bond financing tools;
- 4) Allocate Improvement Agency Funds to assist with debt service payments; and
- 5) Continue the City's existing commitment of between \$500,000 to \$800,000 annually to the street rehabilitation program for residential streets.

Brief discussion was held regarding which streets to include in the proposed project area, and whether to designate "all City streets" for rehabilitation or "only local residential" streets which were typically not eligible for grant funding. Additional discussion was held regarding the recent downturn in the economy, reduced property values, and historical voter response to bond measures.

Mayor Shoals invited comments from those in the audience who wished to be heard on this matter.

The following persons spoke in support of rehabilitating "all City streets" at the \$33 million funding level:

- Gracia Bello, Grover Beach; and
- Gene Bello, Grover Beach, who also spoke in support of presenting a bond measure only at a general election rather than a special election.

There were no further public comments received.

Further Council discussion was held regarding:

- *timing*: determining when to present voters with a local bond measure to fund street rehabilitation at a special or general election in 2008 or 2010;
- *bond amount*:
 - determining the specific dollar amount to finance for street repairs;
- *public education*:
 - the amount of time necessary to provide voters with thorough and objective information;
- *community facilities district or "financing district"* -
 - customizing the tax to make it more equitable;
- *surveying/polling services* -
 - obtaining proposals from firms to assist in gathering citizen information on this issue prior to scheduling it on the ballot.

Action: Upon consensus of the Council, staff was directed to:

- obtain proposals from firms to conduct polling/surveying services in order to determine the size of the proposed bond measure and the timing of when it should be scheduled to appear on the ballot;
- research sizing a bond measure at \$33 million to fund rehabilitation of all City streets;
- research sizing a bond at \$15 to \$18 million to rehabilitate fewer City streets;
- research establishing a Community Facilities District to encompass the entire City through a "special assessment" bond measure, requiring 2/3rds voter approval;
- continue reviewing the feasibility of narrowing streets on Longbranch and Newport Avenues as a demonstration project with federal grant funds;
- continue reviewing the potential allocation of \$100,000 annually from the Improvement Agency to be used to pay a portion of the debt service from the larger bond issue; and
- continue the annual allocation of \$500,000 to \$800,000 for street rehabilitation projects.

COUNCIL COMMITTEE REPORTS

Upon consensus of all those present (Council Member Lieberman absent), Council Committee Reports were deferred to the regular City Council meeting of April 7, 2008.

COUNCIL COMMUNICATIONS

- A. Mayor Pro Tem Nicolls requested Council consensus to schedule discussion of sidewalk improvements currently underway along Oak Park Boulevard, specifically to address concerns raised by one of the affected property owners regarding the loss of on-street parking.

Brief discussion was held regarding additional right-of-way needed to protect an existing tree, and time constraints for project completion in order to comply with federal grant fund requirements.

Upon question, City Manager Perrault stated that the information needed to consider potential modifications to the project design might not be ready in time to schedule a discussion at the next regular City Council meeting of April 7, 2008.

Action: Upon consensus, staff was directed to schedule the Oak Park Boulevard Sidewalk Project on a future Council agenda.

CITY MANAGER REPORTS AND COMMENTS

CC-2. Verbal Progress Report Regarding Update of the Land Use Element by DC&E.

Mayor Shoals read the title to the foregoing item, and deferred to staff for a report. City Manager Perrault stated that Design Community & Environment (DC&E), the firm contracted to assist with updating the City's Land Use Element, was in the process of completing background reports. He announced public input was scheduled to occur in early May, and separate interviews with community stakeholders would be held prior to the public workshop.

ADJOURNMENT

There being no further business to come before the City Council/Improvement Agency, Mayor/Chair Shoals adjourned the meeting at 9:57 p.m.

CITY COUNCIL

/s/ JOHN P. SHOALS, MAYOR

Attest:

/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC/IA Mtg 8/4/08)

IMPROVEMENT AGENCY

/s/ JOHN P. SHOALS, CHAIR

Attest:

/s/ DONNA L. McMAHON, AGENCY SECRETARY
(Approved at CC/IA Mtg 8/4/08)