

**NOT OFFICIAL
UNTIL APPROVED AT SUBSEQUENT
MEETING BY CITY COUNCIL**



California

ITEM NO. 5

CITY OF OCEANSIDE

JOINT MINUTES OF THE: CITY COUNCIL SMALL CRAFT HARBOR DISTRICT BOARD OF DIRECTORS COMMUNITY DEVELOPMENT COMMISSION

SEPTEMBER 10, 2008

REGULAR MEETING 4:00 PM COUNCIL CHAMBERS

4:00 PM - OCEANSIDE CITY COUNCIL (COUNCIL),
HARBOR DISTRICT BOARD OF DIRECTORS (HDB), AND
COMMUNITY DEVELOPMENT COMMISSION (CDC)
- REGULAR BUSINESS

Mayor
HDB President
CDC Chair
Jim Wood

Deputy Mayor
HDB Vice President
CDC Vice Chair
Rocky Chavez

Councilmembers
HDB Directors
CDC Commissioners
Jack Feller
Jerome M. Kern
Esther Sanchez

City Clerk
HDB Secretary
CDC Secretary
Barbara Riegel Wayne

Treasurer
Rosemary Jones

City Manager
HDB Chief Executive Officer
CDC Executive Director
Peter Weiss

City Attorney
HDB General Counsel
CDC General Counsel
John Mullen

For this regular and joint meeting, the Council sat as all 3 governing bodies [Council, HDB and CDC] simultaneously but took action as the respective agency for the jurisdiction covered by each item. Council titles only will be used for brevity throughout the entire meeting.

4:00 PM - ROLL CALL

None – due to advance notification that closed session would not be held, no Councilmembers were present.

COUNCIL, HDB AND CDC CLOSED SESSION ITEMS

Closed Session to discuss litigation, property acquisition, labor relations and personnel matters

1. **[CONFERENCE WITH LABOR NEGOTIATOR ON STATUS OF NEGOTIATIONS PREVIOUSLY AUTHORIZED IN OPEN SESSION (SECTION 54957.6)]**

CONFERENCE WITH LABOR NEGOTIATOR – Negotiator: City Manager; employee organizations: Oceanside Police Officers' Association (OPOA), Oceanside Firefighters' Association (OFA), Oceanside Police Management Association (OPMA), Management Employees of the City of Oceanside (MECO), Oceanside City Employees' Association

September 10, 2008

Joint Meeting Minutes
Council, HDB and CDC

(OCEA), Oceanside Fire Management Association (OFMA), Western Council of Engineers (WCE), and Unrepresented]

No closed session was held.

2. **LITIGATION OR OTHER ADVERSARY PROCEEDING (E.G., ADMINISTRATIVE HEARING, ARBITRATION) (SECTION 54956.9)**

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (SECTION 54956.9(a))

Riverwatch v. City, Superior Court Case No. GIN038227]

No closed session was held.

INVOCATION – Pastor Carl Souza

PLEDGE OF ALLEGIANCE – Members of Pop Warner

5:00 P.M. – ROLL CALL

The regular and joint meeting of the Oceanside City Council (Council), Small Craft Harbor District Board of Directors (HDB) and Community Development Commission (CDC) was called to order by Mayor Wood at 5:01 PM, September 10, 2008.

Present were Mayor Wood, Deputy Mayor Chavez and Councilmembers Feller, Kern and Sanchez. Also present were City Clerk Wayne, City Treasurer Jones, Deputy City Manager Michell Skaggs-Lawrence and City Attorney Mullen.

PROCLAMATIONS AND PRESENTATIONS

Proclamation – Constitution Week, September 17-23, 2008

Presentation – Awards to Fire Department staff for efforts on the 2007 California Fire Code

Presentation – Mayor's Youth Sports Recognition and Appreciation Award – Soccer Club of Oceanside

Presentations were made.

CLOSED SESSION REPORT

3. Closed session was cancelled; therefore, there is no report.

Change to the agenda:

CITY CLERK WAYNE reported that Item 26, which is an item by Councilmember Sanchez for parking problems in the downtown area, is being continued to October 1st.

PUBLIC COMMUNICATIONS ON OFF-AGENDA ITEMS

No action will be taken by the City Council/HDB/CDC on matters in this category unless it is determined that an emergency exists or that there is a need to take action that became known subsequent to the posting of the agenda.

Advance written request to reserve time to speak: **None**

4. **Communications from the public regarding items not on this agenda.**

JOAN BRUBAKER, 1606 Hackamore Road, read in the paper that Los Angeles has signed into law a Graffiti Act, which can cause a fine of up to \$1,000 for graffiti by vandals or their parents, and if that is not paid, they put a lien on the parent's property. She would strongly urge Council to consider this. Those people destroy other people's property, and much of it is gang oriented.

THOMAS DEMPSEY, 3641 Esplanade Street, commented on the recent installation and activation of a traffic signal at Lake Boulevard and Esplanade Street. He also commented on Mayor Wood and Councilmember Chavez's candidacies for Mayor.

MICHAEL HEALY, 310 Los Arbolitos Boulevard, representing both himself and the as President of Pepperwood Villas Homeowner's Association, stated our issue is flood insurance requirements. We're on the verge of insolvency in our HOA due to both flood insurance requirements and the sub-prime issue where several of our owners just walked away from their units and left us in the lurch for many thousands of dollars. He understands that the river will be completely cleaned out, and he would appreciate the City's help to insure that, once the flood plain work is completed, something is done to light a fire under those entities, like FEMA, to have them redo the flood plain map to eliminate the requirement for flood insurance. The flood plain work, for the most part, was completed over ten years ago, and very little has been done since, so he requests help from the City to insure that something happens, hopefully, by the end of this coming year. This would be greatly appreciated by all who live in the valley.

DEPUTY CITY MANAGER LAWRENCE advised that the City is working diligently with the Army Corps of Engineers and Fish and Wildlife, to get through the mowing process, which we hope will happen this month. Our goal is shared with Mr. Healy in that we would like to see flood insurance relief coming in the near future.

CATHY NYKIEL, 701 Mission Avenue, Event coordinator at MainStreet Oceanside, announced two upcoming events: Antiques on Mission and the weekly Farmer's Market in the morning and our evening Market.

FRANK MERRIFIELD, 200 North El Camino Real, had a question about a past Council meeting when you gave the award to consultants to revitalize Coast Highway. It was to start from Pier View Way up to Morse Street, and it was my understanding that this was a trade off from Oceanside Boulevard. My question is why these consultants, who met with the Homeowner's Association in Mira Mar Mobile Community, gave a presentation on how they expanded their territory to include Mira Mar Mobile Community on Cleveland. That's nowhere near Coast Highway. Also, there are mobile home parks on Cleveland south of Oceanside Boulevard, some on Pacific Street.

LARRY BARRY, 3973 Brown Street, commented on the lack of maintenance of the San Luis Rey River. He also commented on a mite that is killing the California Live Oak that grows throughout California. The biggest problem is that they are going to be a fire hazard, and they are not going to allow other growth. He would like the City to tell people to cut these trees down so other growth will come up behind them. Robert Bogart of the State Forestry Department says that these plants are not coming back, and we need to cut them down.

He also requested Council stand up for the people of Oceanside with respect to bargaining with the firefighters' union. They just want higher wages and should not try to intimidate the people.

COUNCILMEMBER SANCHEZ responded, praising our first defenders and stating that for the 20 years she worked as a public defender, she was a proud member of the union.

CONSENT CALENDAR ITEMS [Items 5-18]

The items listed on the Consent Calendar may be enacted by a single vote. There will be

no separate discussion of any Consent Calendar items unless requested by members of the Council/HDB/CDC or the public through submittal of a Request to Speak form prior to the commencement of this agenda item.

The following Consent Calendar items were submitted for approval:

5. City Council/Harbor/CDC: Approval to waive reading of the text of all ordinances and resolutions considered at this meeting and provide that ordinances shall be introduced after a reading only of the title(s)
6. City Council: Approval of annual purchase orders for the purchase of equipment, supplies, materials and services in amounts over \$50,000 from various Water Utilities Department funds; and authorization for the Financial Services Director, or designee, to execute the annual purchase orders.
7. City Council: 1) Approval of Change Order 2 [**Document No. 08-D0528-1**] in the amount of \$23,720 to Hazard Construction Company of San Diego for the San Luis Rey River Trail Extension Project Phase 1 located between College Boulevard and Andrew Jackson Street, for the addition of shotcrete and hydroseed to trail slopes; authorization for the City Engineer to execute the change order; acceptance of the improvements constructed by Hazard Construction for the project; and 2) authorization for the City Clerk to file a Notice of Completion [**Document No. 08-D0529-1**] with the San Diego County Recorder.
8. City Council: Approval of Amendment 2 [**Document No. 08-D0530-1**] in the amount of \$100,000 to the professional services agreement with Construction Testing Engineering, Inc., for on-call quality assurance and quality control testing and inspection services for the Engineering Division, extending the term of the agreement from August 17, 2008, to August 17, 2009, and authorization for the City Manager to execute the amendment.
9. City Council: Approval of a ten-year Encroachment Permit Agreement [**Document No. 08-D0531-1**] with Omnipoint Communications, Inc., a subsidiary of T-Mobile USA to encroach upon a portion of the public right-of-way at 1317 Darwin Road, solely for telecommunications purposes, with total revenue to the City in the amount of \$143,000 for the ten-year period; and authorization for the City Manager to execute the agreement.
10. City Council: Approval of a ten-year Encroachment Permit Agreement [**Document No. 08-D0532-1**] with Omnipoint Communications, Inc., a subsidiary of T-Mobile USA to encroach upon a portion of the public right-of-way at Douglas Drive north of Rainier Way, solely for telecommunications purposes, with total revenue to the City in the amount of \$143,000 for the ten-year period; and authorization for the City Manager to execute the agreement.
11. City Council: Approval of a one-year professional services agreement [**Document No. 08-D0533-1**] with Environmental Compliance Inspection Services of Rancho Santa Margarita in an amount not to exceed \$106,960 for inspection programs for Commercial Kitchen Grease Source Control Installations and Grease Source Control Best Management Practices, and authorization for the City Manager to execute the agreement.
12. City Council: Approval of a professional services agreement [**Document No. 08-D0534-1**] with Bureau Veritas North America, Inc., of San Diego in the amount of \$68,865 for the completion of fixed asset valuation services for the Financial Services Department, and authorization for the City Manager to execute the agreement.
13. City Council: Approval to accept grant funds in the amount of \$292,000 from the California Office of Traffic Safety, awarded to the City of Oceanside for the DUI Enforcement and Awareness Program, and approval to appropriate these funds to the

Police Department; approval of the grant budget; and authorization for the City Manager, or designee, to execute grant documents.

14. City Council: Approval to accept grant funds up to the potential amount of \$37,783.02 from the California Office of Traffic Safety, awarded to the City of Oceanside for the "Next Generation Click It or Ticket" Program, and approval to appropriate these funds to the Police Department; approval of the grant budget; and authorization for the City Manager, or designee, to execute grant documents.
15. City Council: Acceptance of the Treasurer's Report for the quarter and year ended June 30, 2008.
16. City Council: Acceptance of the improvements constructed by SC Valley Construction of El Cajon for the Raw Water Pipeline for Wells 10 and 11 project, and authorization for the City Clerk to file a Notice of Completion [**Document No. 08-D0535-1**] with the San Diego County Recorder.
17. City Council: Adoption of **Resolution No. 08-R0536-1** "...establishing certain traffic controls within the City of Oceanside (30-minute parking zone)", effective 8 a.m. to 6 p.m., except Sundays and holidays, on the east side of Myers Street beginning 62 feet north of, and ending 80 feet north of, the centerline of Wisconsin Avenue.
18. City Council: Authorization to award a contract [**Document No. 08-D0537-1**] in the amount of \$122,090 with Don Hubbard Contracting Company of San Marcos for the construction of the Buena Vista Force Main Temporary Lift Station Connection at the Buena Vista Sewer Lift Station; approval of a budget transfer in the amount of \$75,000 from the Buena Vista Lift Station project to the Buena Vista Force Main Replacement project; and authorization for the City Manager to execute the agreement upon receipt of all supporting documents.

COUNCILMEMBER SANCHEZ moved approval of [Consent Calendar Items 5-18].

COUNCILMEMBER KERN seconded the motion.

Motion was approved 5-0.

MAYOR WOOD determined to hear Item 25 at this time.

MAYOR AND/OR COUNCILMEMBERS ITEMS

25. **Request by Mayor Wood for a presentation by City staff and members of the Parks and Recreation Commission regarding preservation of the El Salto Water Falls and Quarry Creek, with possible direction to staff**

MAYOR WOOD received a letter recently from the Parks and Recreation Commission regarding El Salto Falls. He considers this a historical landmark in our area and is probably one of the most beautiful spots in the City. He asked staff to make recommendations to protect this particular location. Most people in the City don't even know that we have a waterfall in the City. Charles Adams, Chairman of our Parks and Recreation Commission, and Diane Nygaard will speak on this.

CHARLES ADAMS, Chairman of the Parks and Recreation Commission, stated we had El Salto Falls on our agenda in June as an information item only. It was presented to the Commission, along with some pictures. That evening he witnessed people filling this room who were very interested in the falls. After that meeting, we decided to place it on the agenda for an action item. In August it came back again, and we listened and decided to form an ad hoc committee and drafted a letter to Council asking if there is anything that we can do to preserve this 4 acres of land; some of the land is owned by others. The Commission requested Council assistance to preserve this

area.

PEGGY MALICK, Parks and Recreation Commission, stated the falls have to be preserved for our children and grandchildren. This is a sacred waterfall relating to the Indians in Southern California. There's a history here that goes back thousands of years and is something that we shouldn't desecrate. We didn't word our letter quite right, but we want Council to direct staff to look at this to make a park of those 4 acres. People support this. It is a shame that you have to go behind Kohl's and kind of hang over a fence to see it. The Parks and Recreation Commission strongly supports making these 4 acres into a park and make it into a destination place.

DIANE NYGAARD, 5020 Nighthawk, used a computer slide presentation to show the Buena Vista Creek Valley, or Quarry Creek Shopping Center, along Highway 78, between El Camino Real and College Boulevard and the view from the parking lot behind Kohl's Department Store, looking west, showing some of the damage from an old mining operation and some piles of black, plastic-covered contaminated soil. Another slide showed what the area could be like restored to a natural condition. Under State law, reclamation costs are paid for by the current landowner. If the underlying land use is a park, then the restoration will be to a park, and those costs would be borne by Hanson Aggregates, not by whoever eventually would own that land. It's their obligation. The western half of this valley has already been preserved. Seven hundred local residents of this community donated the funds to leverage the dollars to buy the Sherman property. Why we care so much about this area is the sacred El Salto Waterfall. It's right on the border between our two cities; half is in Oceanside, and half is in Carlsbad. This is where the waters of Buena Vista Creek really give spirit to the valley. They flow over these falls to the Buena Vista Lagoon and all the way to our coast.

The developer has plans to develop the eastern part of that valley. That land is in the City of Carlsbad, and the landowner will have full opportunities to decide exactly how that land is going to be used. That's not what we're talking about tonight. Of course, a huge development could have huge traffic implications for Oceanside, and Oceanside would have to be compensated for those costs. So, of course, there will be financial issues as this moves forward. However, our concern is the land in Oceanside. Already we have the Quarry Creek Shopping Center and the huge sign post near the waterfall. The step-stone wall has been built up to within just a couple of feet of the falls, so we've already lost much of what this area could be.

The developer filed a Master Plan with the City of Carlsbad in February. The plan submitted was to make the Oceanside land an RV parking lot. We thought that was pretty outrageous and so did your Park & Recreation Commission. Last month we saw a different plan from McMillin. They had a large community meeting with Oceanside and Carlsbad staff in attendance and representatives from Senator Keho's office and many local community organizations. Now those 4 acres in Oceanside are proposed as a park, a place where everyone can experience this very special waterfall. The centerpiece of this park would be the sacred El Salto waterfall, one of the largest coastal waterfalls left in coastal Southern California. The Parks and Recreation Commission had a vision for these 4 acres of land in Oceanside; that vision is shared by members of this community; and, according to their latest development proposal, it's also shared by the developer of this land. We're asking Council to help us make that vision a reality and make those 4 acres of land in Oceanside a park.

Public Input

JOAN BRUBAKER, 1606 Hackamore Road, stated this is the biggest travesty that has happened to the Falls, which is that through some malfeasance of duties or through some fault of the building department, the building that Kohl's is occupying was built 50 to 100 feet too close to the Falls. This would be the first step toward righting that wrong. I think it is a marvelous idea.

THOMAS DEMPSEY, 3641 Esplanade Street, stated that during the early Quarry Creek development stage a group spoke with Steve Guy, an Executive Vice President of McMillin Commercial Company, Quarry Creek Development Project. Mr. Guy agreed that a neighborhood or community park would be a positive use for the north pit area, west of the Mossy Auto Dealership on Haymar Drive. There are no parks for our kids to play in, and the tot lots are not controlled by the City. He stressed the need for a park and his support of making this 4 acres of land a park.

DEE DEVINE, 3260 Calle Osuna, stated the need to protect the 4 acres by the Falls for parkland. We need to save it for our future generations. If you've ever been to the adobe, it is so beautiful and wonderful. That's our history to save, so let's try to do the same thing for the Falls. It would be nice if they would do the whole valley in a parkland.

NANCY PORTER, 3301 Buena Hills, has watched the City build many improvements, and El Salto Falls needs to be added to that list. The developers steadily encroach right up to the edge of the falls. There is not another City in San Diego County that has such an incredible, historical and spiritual site. We have saved the Marron Hacienda, the Sherman acquisition, and now we have the opportunity to save the El Salto Falls for future generations. This 4-acre site, next to the historical Marron Hacienda, is ideal for a community park where our school children can go to see this priceless, historical, Native American site and learn about our beginnings.

SHELLEY HAYES CARON, Marron Adobe, needs people to champion this cause. She encourages Council to vote to make this area parkland. This waterfall has been there for 6,000+ years, and it has been a destination place. She read a letter that was written by staff of Oceanside in August of 2003 that stated "...the City considers El Salto Falls and Buena Vista Creek important natural resources and seeks to protect and preserve as much of the natural character as possible, while still allowing development within approved guidelines. It is important to note that, based upon determinations from the Amended Reclamation Plan, the falls are not a designated historical resource and are not an archeological resource and have not been designated as a historical resource by the City." That was 5 years ago; all that information has changed. El Salto Falls is recognized now because it has recognition by the Native American Heritage Commission. It was always a special, sacred site; it needs to be preserved.

DENNIS HUCKABAY, 2319 California Street, President of Buena Vista Audubon Society, representing some 1,341 members here in coastal North County, stated we have a long-term vision for Buena Vista Creek Valley; we have quite a bit of that Valley protected already. Much of the protected land is in the Buena Vista Lagoon, where our Audubon Nature Center is located. He described the efforts they have made to protect several sites in this area, and their goal is to add another 161 acres right up to the edge of Kohl's and to have from the waterfall to the waves, open space from El Salto Falls to the mouth of Buena Vista Lagoon at the coast. It was going to require a lot of work and a lot of cooperation between Oceanside and Carlsbad. This is the only coastal waterfall of any height anywhere along the Southern California coastline, and this may be the first step in creating a wonderful corridor, not only for hikers or birdwatchers in the Buena Vista Creek Valley, but for all who travel along Highway 78. He urged Council to designate this site as parkland.

RUTH GANS, 4918 Delos Way, stated we need these 4 acres. It's a place for people to stop and see the Falls. It's a great idea, and it won't take much. She asked Council to vote positive for it.

DOROTHY McCORKLE, 4610 Bristlecone Court, stated she often takes friends, acquaintances and guests to see the waterfall. They are amazed that something like that exists in the City. It is a shame that you have to view it from above because of Kohl's and the fencing and how calming and relaxing it is. When you are there, you can envision our Indian ancestors camping there and carrying water from that creek and those falls to their homes and their crops. It is known as a sacred place to them. We

should honor their culture by saving this valley from housing developments. The Falls and the creek are a treasure, and it belongs to Oceanside. It cannot be replaced. She also spoke about how our beaches draw many tourists to this City, and this awesome waterfall beside a park could become a new adventure attraction to visitors here. Please approve it for a park.

CHUCK McDONELL, 2613 Fire Mountain Drive, loves the Falls and agrees with just about everything said. The Falls are spectacular. The fact that you can only see them from the Kohl's parking lot and the fact that the wall was built so close to the Falls is a travesty. Council has the opportunity to turn these 4 acres into a park, to preserve it for our residents and our future heritage. He urged Council to reserve the area for a park.

MEL VERNON, 1044 North Ivy Street, Escondido, representing the San Luis Rey Band of Mission Indians and speaking as a cultural preservationist today, showed a video of the Falls that was taken this afternoon walking over the iron fence. The video shows how the falls have been graffitied a couple of times. This graffiti has been another form of desecration of a sacred place. Signs have been put up at the falls stating there is no trespassing, but these signs are actually another element that doesn't belong. He looks forward to meeting with the people who put up the signs to remedy this. The falls have been there for a long time, and it's our cultural heritage. The San Luis Rey Band is working with McMillin and Brian Milich, as well as working with Ann Gunter to get the graffiti and signs removed and to preserve the falls. We are not against building, but are against destroying cultural elements needlessly that have survived thousands of years. The San Luis Rey Band of Mission Indians are part of Oceanside's history/culture.

MICHELE FAHLEY, 609 South Escondido Boulevard, Escondido, is an attorney with California Indian Legal Services, and she represents the San Luis Rey Band of Mission Indians. She acknowledged the Tribal Captain, Russell Romo, who is in the audience, as well as a few other interested tribal members. She has heard people discussing how we need to preserve this for their children and grandchildren, but not a lot of mention about preserving this for the native people who are still here today and whose ancestors lived in this area for thousands of years; it is not just the San Luis Rey people. The San Luis Rey Band is actually part of the Luiseño Band, which is a much larger group of people that also consider this to be a sacred site. This land belongs to the ancestors of the Native Americans, as well as the Luiseño people who continue to hold this site as a sacred and culturally significant place. The Falls are registered on the Sacred Lands Index with the Native American Heritage Commission. The area around the falls is sacred and is also culturally significant to these people. There are cultural sites everywhere. This was a major source of habitation, as well as cultural and sacred significance. The water that goes through these falls is also considered sacred by the Luiseno people. It flows from Rosemary Mountain, which is a sacred site, and the Luiseno people believe that the water from where it begins to where it ends at the ocean is sacred. Designating this as a park is certainly the best way to preserve and protect this sacred site and to provide educational opportunities about the native people. She supported Mr. Vernon's comments regarding the vandalism and the posting of signs. The tribe was not notified of this, and this is a desecration to a sacred site. The tribe looks forward to working with the City in developing this park.

ANN GUNTER, The Lightfoot Planning Group, 5750 Fleet Street, Carlsbad, is here on behalf of Hanson Aggregates, who does legally own this property. It is currently under private ownership. She is frustrated because of the implication that somehow the falls are not going to be preserved, and she wants to make it very clear that Hanson fully understands the Council's direction and intent and the community's concern over the Falls. The Council has made their direction to preserve the falls and to enhance the creek very clear, starting back in 2001 with the last amendment to the Reclamation Plan. That has been made clear through the beginnings of the environmental process, as well as in subsequent workshops and in the meetings that we've had with many of you and meetings that we've had with the tribe and with the

community. The 4 acres that are in Oceanside include a portion of the falls, but it includes primarily the north pit. And the preservation of the falls, the enhancement of the creek, and the preservation of the pond area is all an integral part of the Reclamation Plan that Hanson is required to do to restore this mining site. The draft EIR should be out by next week for public review and she would really encourage the Council and community members to review that document and to look at the details. There has been a lot of work over last few years, and the idea that somehow those falls are going to be eliminated or destroyed is just flat out incorrect and does a disservice to Hanson, who has been trying very hard to protect those falls. We want to work with the tribe to make this effective. We are working with the City's police force as necessary, as well. We would like to see the issues associated with reclamation be allowed to proceed. The primary focus of the reclamation is to take that site and get it into a safe, stable condition so that the mining operation is concluded and then allow you and the City of Carlsbad to make the decisions that you would like to make regarding the future land uses at that location

JERRY MCLEOD, 1517 Del Mar Road, believes the Falls would make a great tourist attraction, as well as be valuable in the education of children. He would like to see the Council make the land into a park.

DON CHRISTIANSEN, 3715 Longview Drive, Carlsbad, pointed out that the name of the shopping center is Quarry Creek. The name of the creek is Buena Vista Creek. He served on the Carlsbad Historic Preservation Commission for 8 years and still serves with the Carlsbad Historical Society. Both of those organizations have on record that the preservation of El Salto Waterfalls and the remains of the Buena Vista Creek Valley are the highest priority. He has also attended a number of meetings by the Carlsbad Open Space Committee, a group of citizen volunteers that were tasked with prioritizing all of the remaining open space in Carlsbad. Quarry Creek and the Buena Vista Creek Valley received the highest preservation rating of all the remaining space in Carlsbad. We have the unique natural resource in our own backyard, El Salto Waterfall and the rest of the Buena Vista Creek Valley. This is an opportunity for the cities of Oceanside and Carlsbad to work together on a project that would be beneficial to both communities.

BRIAN MILICH, Corky McMillin Company, 2750 Hybrid Avenue, San Diego, would like to clear up what he thinks is being discussed tonight and provide some facts from our perspective. The issue came up through the Parks and Recreation Commission. The issue, as he understands it, because we were not notified of that meeting, was to make sure to heighten awareness of the need to protect El Salto Falls. Most if not all parties, including Hanson, agree that the falls need to be preserved. McMillin also agrees as do many in the community. We are all working toward the same goal to protect El Salto Falls.

As it relates to the property itself, there's been a lot of discussion tonight about the Quarry Creek project. Four acres of what is now known as the Quarry Creek Project is owned by McMillin and is located in the City of Oceanside. The balance, about 157 acres, is owned by Hanson. McMillin is under contract to purchase that property from Hanson, and that is all located in the City of Carlsbad. Hanson is processing the Reclamation Plan. McMillin is processing the Development Plans. They are 2 separate processes, following separate but somewhat overlapping tracks. The 4 acres that is within the City of Oceanside and owned by McMillin is zoned industrial/commercial and open space. The portion nearest the falls is zoned, and also designated in the General Plan, for open space. We are not, at this point at least, proposing that that land use be changed. He would ask that there be no action on the part of the City Council to change the balance of the zoning on the property until we decide what is going to happen on the balance of the property. We would not want Council to take the property from us since it is currently zoned for development rights. Our goal is to address the uses on the 4 acres in conjunction with the balance of the property located in the City of Carlsbad, and we'll be applying to your staff to handle the planning on the 4 acres, along with the processing of the balance of the property, but the falls will be preserved.

JIMMY KNOTT, 127 Sherri Lane, stated that a few years ago, before the Quarry Creek Development got together, Shelley, Tom and he met with McMillin, and we had opposition. This is sacred land, and he talked about the history of the Luiseno as it relates to Oceanside and the falls. He stated that Heidelberg Cement owns the land as of August, 2007, not Hanson or McMillin. The land is supposed to be properly maintained, but there is trash everywhere. He would like the City to please take these 4 acres under their jurisdiction so it can be properly maintained.

Public input concluded

MAYOR WOOD stated the issue of the falls or the area out there called Quarry Creek or Buena Vista area, it's very important, as we've heard from everybody. It flows down into the Buena Vista Creek, one of the freshwater areas in California that's a joint power act between Oceanside and Carlsbad. Most people don't know the Falls are there. I received a letter recently from the Parks and Recreation Commission addressing this particular issue. We generally all agree this is something that's sacred, valuable and we want to keep it. The problem sometimes is when we don't take action early. The prime example would be Kohl's pushing right up to the edge of the falls. I'm sure if we all paid close attention, we wouldn't have let them get that close to the falls. This is something to direct staff to look into it. That allows staff to take time and effort to look at it with all of the parties involved, including Carlsbad. This is somebody else's land, even though it's in Oceanside. We want to make sure that staff is looking into this and has direction from the Council if it's going to be a park or not. If it's something that's going to be protected by all the parties involved, private or municipalities, making sure that staff understands. Maybe the private parties that own the land will do it anyway.

He **moved** to direct staff to work with all parties involved, including the City of Carlsbad, to look into possible uses of that land; one of the best uses would possibly be a park, whether the City has to do it or if it's going to be jointly done as a partnership between all parties. No one is opposed to it. This is a way to send a message that we really are interested in it, that it is a historical site, that it's a very important site for the Indians, along with the whole valley, between the pepper trees, the valley itself, the historical landmark. We're not voting tonight to make it a park or anything else; it is just direction to staff to look into it.

COUNCILMEMBER SANCHEZ seconded the motion.

DEPUTY MAYOR CHAVEZ requested to have the motion clarified.

MAYOR WOOD reiterated that the **motion** would be to give direction to staff to look into it with all parties, that this particular historical site will be saved and, if necessary, we'd look into it possibly being a parkland issue and/or anything else that would keep it an historical landmark and historical point, be it a park or anything else, and come back to us with that information.

COUNCILMEMBER KERN stated a lot of questions came up, and he had a chance to look at this closely. First of all, the Council was provided back-up material, the letter from Charles Adams. But there is also a second letter on the 26th by Margery Pierce, Director of Neighborhood Services, which states that the letter drafted and signed by the Chair appears to go beyond the Commission's motion. It goes on, in Paragraph 3, to state, "...staff hopes to release the Former South Coast Quarry Amended Reclamation Plan draft EIR for a 45-day public review period beginning in mid-September, 2008. The draft EIR analyzes reclamation of the site to a safe, useable condition - restoration of the creek and preservation of the falls; no other future land uses issues. Further use of this site, including the 4 acres zoned for Light Industrial in the City of Oceanside, will be addressed in a subsequent application and EIR. It should be noted that the majority of the site is in Carlsbad, which will decide future land uses within their jurisdiction." He requested an explanation.

MAYOR WOOD clarified that he doesn't care if this is open space, a park or

whatever, he just wants to protect it.

JERRY HITTLEMAN, City Planner, stated we are going to release an EIR for the reclamation next week. As part of the reclamation, it will talk about restoring the creek and the falls. Under reclamation, all you have to do is restore the property to the existing natural environment and the existing zoning. As stated, the future zoning of the property will be discussed in subsequent applications and future environmental review.

COUNCILMEMBER KERN wanted to make sure that happened. He questioned the City Attorney if this property was redesignated, the zoning which some of the people advocated as parkland, what could be the legal implication for the City?

CITY ATTORNEY MULLEN emphasized that he hasn't done an exhaustive review of the legal issues surrounding this piece of property because of the way that this item originated. It wasn't driven by staff, and our office hasn't really been involved to date. Without knowing all the facts and circumstances, in general certain portions of the property are already designated as open space, and certain portions are zoned and designated for development rights or some limited amount of development rights. If the City were to unilaterally amend those, which it could do with an application to make it all open space, but that could have legal consequences. The property owner could allege that those portions of the property with development potential have been taken under the Fifth Amendment and may require compensation. He emphasized that he is not reaching any conclusions, not knowing all the facts and circumstances about this site. The spirit of this motion was to simply work with the property owner to see if the property can be voluntarily preserved, which should not result in any type of litigation.

COUNCILMEMBER KERN wanted to make sure that it's clear that we just can't declare it a park at any time. There are the legal ramifications that we may have because it could be considered a taking. Also, in the minutes of the meeting in August 14, 2008, Eileen Turk mentioned that the falls are protected by a land trust. Is that true?

MR. HITTLEMAN stated that there is a land trust to the east of the falls and that was dedicated as part of the Mossy Nissan project and was managed by what is called the Environmental Trust, a non-profit organization. The actual falls area is owned by either McMillin or Hanson right now.

COUNCILMAN KERN stated the Parks and Recreation Commission talked about this, and from the minutes of their meeting, there was something about the Council writing a letter to the City of Carlsbad to preserve the Falls. Is that correct?

MR. ADAMS replied negatively and stated that the letter was addressed to the Mayor. We did not do any addressing of any letter to the City of Carlsbad. Anything that they address would go directly to the Mayor asking for guidance and for further inquiry into what we could do. We had an ad hoc committee.

COUNCILMEMBER KERN read from their minutes "...asking Mayor Jim Wood of the City Council to send a letter to the City of Carlsbad and Hanson Aggregates in support of preservation of El Salto Falls..."

COMMISSIONER MALICK stated that she had previously mentioned the miswording of the letter. The letter was directed to the Mayor to bring it to the Council to preserve these 4 acres. Their minutes have not been approved, so she would rather not quote from them. The minutes aren't quite accurate. We are in full support of the park. The letter was not worded right. They found out the wording was incorrect as they shouldn't have directed re-zoning, etc., and she apologized for that.

COUNCILMAN KERN stated he is only going on the information that he has. This letter that we received is pretty strongly worded. Everyone wants to preserve the Falls. He inquired who was on the ad hoc committee.

COMMISSIONER MALICK responded that there were 3 people: Charles Adams, Mrs. Stonebreaker, and herself. She stated that Diane Nyguard was there because she had knowledge of the area, and we did not. Their intentions were very good for the 4 acres to remain a parkland.

COUNCILMAN KERN stated that what really set him off on this is the way this letter was drafted, like the committee is advocating Eminent Domain over that property. He just wants to get that clarified because he's sure no Councilperson would advocate Eminent Domain on private property.

MR. ADAMS stated that the original request was for the Mayor to direct the City Council to preserve that area. We did not mention one word about conserving it as a park. We wanted that area preserved.

COUNCILMAN KERN asked why the property owner wasn't invited to the meeting about his property.

MR. ADAMS thought it was because it caught all of us by surprise too. It was on the agenda as an information item only. And then after everyone spoke, the commission was concerned about the fact that we possibly could lose that.

COUNCILMAN KERN stated the only amendment that he would like to make to the Mayor's motion is, once staff actually starts working on this, it comes back through the Parks and Recreation Commission since they're the ones driving this, and then it comes to Council.

MAYOR WOOD agreed and so **amended** his **motion**. The amended motion was **seconded** by Councilmember Sanchez.

MR. HITTLEMAN pointed out that any future actions on the property would have to go to the Planning Commission, as well as the Parks and Recreation Commission.

COUNCILMAN KERN wished to read Mr. Milich's letter to Council, dated September 8th, which states they are confident they can achieve an appropriate equilibrium between public use, development and conservation and insure the protection of El Salto Falls and Buena Vista Creek within the context of an economically viable project. So everyone is working toward the same thing: the developer wants to do it; Hanson wants to do it, so it will be achieved. For everyone the best time to actually make your comments is when they release the EIR. That's the time to come forward and put those comments in and, at the end of that EIR process, hopefully, we'll come out with some resolution of exactly how those falls will be preserved/saved.

MR. ADAMS stated that the original intent of that letter was just to ask the Mayor to bring it before the Council about the fact of possibly preserving this area. That was it.

COUNCILMEMBER SANCHEZ stated that now is the time. We have so many projects that we get the wildlife agencies involved very early so that, when we do get to the final public comment, there are fewer things that have to be changed. When the Council approved the Quarry Creek Shopping Center project, the Council at that meeting specified and added to the requirement that it be a 50 foot buffer. That didn't happen; it went as close as 5 feet and back to 10 feet. We made this huge mistake. There are actually parallel actions trying to save the falls. I want to thank Senator Chris Keho and Assemblymember Martin Garrett because they also made it possible to have a place to discuss this very issue with representatives from McMillin and Hanson. Actually, I

understand Hanson has been bought out, and there is now a new entity that is having to get involved in this discussion.

We have been told that this is already zoned open space. We're only talking about 4 acres. We're not discussing any other part. There is no rezoning being asked. What is being asked is the dedication of parkland and she agrees that we need to do this. So, the motion that was made by the Mayor, that I seconded, was to direct staff to come back with the possibilities and discuss the issues with the parties. There has already been discussion started, and there has been representation at these meetings by the Native Americans, by the property owner, by those that wish preservation. She would like to see staff continue on with this and bring it back for dedication. The City is the lead agency for the Reclamation Plan and is coming forward with a plan that will address both Oceanside and Carlsbad. This motion is only addressing these 4 acres.

DEPUTY MAYOR CHAVEZ has had a number of times to go out there and tour the area and understand the concerns very clearly. He always has been and will be in support of maintaining the unique and historical character of the falls. My question is more of a procedural issue. He would ask that the Deputy City Manager talk to your staff members and commissions and insure that, in the future, we don't get sidetracked so that good people who are volunteers don't run awry of certain things. When you look through the minutes on August 14th they outline that the Commission was to send a letter by the Mayor in support of preservation of El Salto Falls; however, somewhere from those minutes of August, the letter was signed by a staff member directing staff to process rezoning and a General Plan designation, direct staff to incorporate and revise the land use, the Reclamation Plan. These are pretty strong terms being signed by staff members, so he has concerns with that. My point is, when you read what Hanson is doing, they make 2 strong statements in the letter that we received, and it is that they want to insure to the City that all interested parties recognize the commitment we have made to protect El Salto Falls and respectfully respond to issues raised by the San Luis Rey Band. They've been there all along, and I would just like to acknowledge Hanson for that.

It says in the letter from Bill Berger of Hanson Aggregates to Mayor Wood, dated September 10, 2008, "We are looking forward to engaging people interested in our reclamation plan as the Draft EIR becomes available for public review. I hope all members of the Council or the public who are interested in their plans will review the document, and feel free to contact me with questions." That is pretty much what the letter from Neighborhood Services Director Pierce says; we have a draft EIR coming out with a 45-day public review period, beginning mid-September. So, there's already a process to do what we have here. It seems the motion is the same thing that we have currently in process. So, are these going to cross purposes?

CITY ATTORNEY MULLEN did not think they are at cross purposes. Comments on the draft EIR, which will be available soon, are to whether or not the document complies with CEQA and discloses the environmental impacts associated with a proposed project, in this case the Reclamation Plan. As I understand the motion and second, it is to work with all parties, including Carlsbad and the property owner, to determine if the falls can be preserved.

MAYOR WOOD added that he also put in there possible usage for a park.

CITY ATTORNEY MULLEN stated they may be similar. He hasn't reviewed the Reclamation Plan. He would rely on Mr. Hittleman if there is anything in there that actually preserves the falls.

MR. HITTLEMAN stated it does talk about physically preserving the falls and in the future putting them under a conservation easement. It does not address any changes to any of the land uses surrounding the falls in Oceanside or Carlsbad, but it does talk about the physical improvements, buffers, conservation easements and so forth. So the future land use will be another application that will have to be made for a

General Plan amendment and a zone amendment in the future.

COUNCILMEMBER CHAVEZ stated that there's already a process going forward to do this. Is that correct?

MR. HITTLEMAN responded yes. We don't have an application on file at this time, but we anticipate that we will have one, as the landowner said, by the end of the year.

COUNCILMEMBER CHAVEZ stated that I've always been for the preservation of El Salto Falls. I do not want to harm that vision or that direction that we're trying to go, and I think we have a process that's moving us in that direction. I would like to give the Mayor the opportunity to take a break to write out the motion we are voting on. Otherwise, I wouldn't be able to support it because I don't really know what the motion is.

COUNCILMEMBER FELLER did not think anybody is interested in changing what the falls is or means. The issue that we're talking about is not so much the reclamation, although it's part of it; it is the acreage that is in the purview of the City. That's what the City needs to focus on. McMillin is the underlying landowner for the 4 acres. So, that is the land we're talking about in this case. It's going to bleed over into the Reclamation Plan that the City will have a lot of input on with the draft EIR.

MR. HITTLEMAN replied that is correct.

COUNCILMEMBER FELLER felt McMillin has bent over backwards to meet with the groups. They talked about a 3-hour meeting just a couple of weeks ago. I'm hopeful that they will come up with the right solution with the input from the EIR, as well as the direction that we're going from the Council level on the purview of the property that we have jurisdiction over. I'm going to support this motion because it is vague. There is no direct result coming from this without a lot of input and, at the same time, the comments will be coming in for the draft EIR. The biggest travesty out of the whole thing is that this land was ever sold. That's the bottom line. But it was, and now they want it back to what it was before they sold it. He requested the name of the new landowner of the larger acreage for clarification.

ANN GUNTER, Lightfoot Planning Group, was not certain of the exact answer. This is a major corporation ownership change. Hanson is continuing to operate under the Hanson Aggregate's banner. They were acquired by Heidelberg last year, but all of the individuals and people within the U.S. operations, to my knowledge, are still operating under the Hanson name. I can get that clarification for the Council in terms of the legalities of the ownership.

COUNCILMEMBER FELLER responded that it can probably be included in the release of the draft EIR, but it doesn't change what's going on. This is strictly just big business changing hands.

MS. GUNTER responded affirmatively.

MAYOR WOOD noted this turned out to be a lot more complicated than I thought it would. It wasn't going to necessarily change anything. In a past experience at the same spot, we lost. So, we want to make sure that we don't have that again.

CITY CLERK WAYNE clarified the motion. The motion with the amendment is direction to staff to work with all the parties involved, including Carlsbad, to look into possible uses of this land (as a park or anything else) to save this historical site and parkland and that staff take the information through the Parks and Recreation Commission, and through the Planning Commission is implied, and that it return to Council.

Motion was approved 5-0.

[Recess was held from 7:12 PM to 7:21 PM]

MAYOR WOOD determined to hear Item Number 21.

6:00 PM - PUBLIC HEARING ITEMS

Public hearing items are "time-certain" and are heard beginning at 6:00 p.m. Due to the time-certain requirement, other items may be taken out of order on the agenda to accommodate the 6:00 p.m. public hearing schedule.

21. **City Council/CDC: Approval of a loan agreement in the amount of \$5,600,000, regulatory agreement, and associated documents for the acquisition and rehabilitation of Shadow Way Apartments located at 4707 Yuma Avenue, appropriation of funds in the total amount of \$5,600,000 from Low and Moderate Income Housing (Set-Aside) Funds, Condo Conversion Fees, and Inclusionary Housing (In-lieu) Trust Funds, for the project; and adoption of a resolution approving the use of Low and Moderate Income Housing (Set-Aside) Funds outside the Redevelopment Project Area.**

- A) Mayor opens the public hearing – hearing was opened.
- B) Mayor requests disclosure of Councilmembers and constituent contacts and correspondence – Councilmember Feller reported contact with public, Shadow Way, LLC and has been on the site. Deputy Mayor Chavez reported on-site visits, applicant, staff, financing expert from Keyser Marston. Mayor Wood reported staff, City Attorney, City Manager, Housing Commission. Councilmember Sanchez reported discussions with staff, public inquiries and staff responses. Councilmember Kern reported meeting with the applicant, staff and public.
- C) City Clerk presents correspondence and/or petitions - none.
- D) Testimony beginning with:

DAVE MANLEY, Neighborhood Services Division Manager, stated we're asking the Council to approve a loan agreement in the amount of \$5,600,000 of housing funds, a regulatory agreement and associated documents to assist with the purchase of Shadow Way Apartments, which are located at 4707 Yuma Avenue. We are asking that Council also authorize the City Manager to execute the agreements and to appropriate funds from both the low and moderate income funds, that's the 20% set-aside funds from Redevelopment, condo conversion fees and money from inclusionary housing, totaling the \$5,600,000. We also need to approve a resolution for use of the 20% funds outside of the Redevelopment Project Area.

The developer, Wasatch Advantage Group, approached the City to partner with them in acquiring and rehabbing an existing 144-unit complex. The complex was built back in 1987; it was originally constructed as a bond unit project and had 40 units that were affordability restricted at that time. Those restrictions came off last year in 2007. For this deal, the City will place a regulatory agreement on the property, and it will preserve rents for 55 years. The affordability restrictions will be available to people at 60% and 50% below area median income. The current rents are about \$1,100 to \$1,200. Those rents will go down to about \$700 or up to \$1,000. The current tenant profile on the property shows that up to 85% of the people that live there will remain there; you won't see a change in tenant profile; and it will be a seamless transaction.

Wasatch is a for-profit developer and will be partnering with Western Housing. They have produced over 1,500 affordable units in 7 states and have about 1,700 units that will be under construction in the next 12 months. The total project cost is \$28,100,000. The sources of funding are five-fold: tax-exempt permanent financing, which is a kind of bond financing; there's tax-credit financing of about \$7,400,000; the developer is actually going to defer about \$1,000,000 of their fee over a period of time; and there's the City loan, made up of 3 funding sources. The City will be getting a loan,

which will earn 3% interest over a 55-year period. The developer actually anticipates paying off the loan sooner than that, a little over 43 years.

Staff recommends that the Council approve the funding for this. The \$5,600,000 is a great leverage of City funds. For every dollar the City is putting in, another \$5 actually comes into the project, and we're getting 144 units toward meeting our housing goals. It's one of the largest projects we've done so far and a great use of City housing funds. No general funds are used in this. It's all housing funds, dedicated just for housing purposes.

On the Commission and Committee reports, the Redevelopment Advisory Committee reviewed this at their June 25th meeting and recommended approval of the project. At a special meeting on July 3rd the Housing Commission recommended that the City conduct a financial analysis of the project and also have all the documents reviewed by the City Attorney's office. Those items were completed. The City did contract with Keyser Marston & Associates, affordable housing financial consultant, and Council has the financial analysis in their packet. At the August 26th Housing Commission meeting, the Commission did recommend approval of the project. At that time, it was requested that the Commission be involved in the disabled access and universal design elements as the project moves forward. The developer agreed to that, and the Commission's recommendations are attached in Council's packet.

PAUL MARRA, Keyser Marston Associates, stated Council knows our firm as economic consultants, but they may not be aware that we do a great deal of affordable housing financial analysis and assist agencies in structuring transactions with developers. We have looked at quite a few acquisition rehab affordable housing projects in the past 2 years in San Diego County, and the analysis we conducted here was in the context of comparison with those other transactions. The methodology that we used was to review the detailed pro forma and raise questions to staff and to the developer and go through several iterations with the developer, exchanging information, having them justify their inputs and assumptions. We looked at the project costs, the proposed rental restrictions, operating expenses, proposed financing sources, including the permanent loan, the tax-credit equity contribution and the developer fee deferral. Then we also looked at the distribution of the cash flow from the project, once it's operating, in terms of the residual receipts that will flow back to the agency.

Council has our completed analysis. He commented on a couple of key variables that came up along the way in our analysis and that were negotiated with the developer. The first one is the acquisition costs. The developer provided an appraisal by Novogradac & Company, which is a statewide firm and an expert in affordable housing, that valued the property at \$139,000 per unit. The Pro Forma carries an acquisition price of \$134,000 per unit, so it's actually lower than the appraisal. We did not conduct an independent appraisal, but we did review available data on other sales of apartment complexes. They range from \$90,000 to \$150,000 per unit, but generally were concentrated around \$130,000 per unit. On that basis, we felt comfortable with the acquisition costs in the developer's pro forma.

The other issue that was the subject of some discussion was the developer fee. With a tax-credit project, the developer's compensation largely comes from a fee taken during the development process as opposed to the cash flow from the project. Since these are long-term rental restrictions, these developers are not incentivized by the long-term cash flow; they're incentivized by the up-front fee. That's just the way the industry is structured and, in fact, regulated by the tax-credit programs. The tax-credit program sets a maximum fee for purposes of calculating the tax credits of \$2,500,000. So, the maximum fee that can go into what we call eligible basis and yield tax-credit equity as a source to finance the project is \$2,500,000. We like to encourage developers to reach for the highest fee that can go into eligible basis, the \$2,500,000, and then to defer as much of that fee as possible; not take all of it during construction; take some of it from the cash flow. What Council has before them is a transaction where the developer is deferring slightly over \$1,000,000, more than 40% of the fee.

By having the largest fee possible, they are generating the most tax-credit equity, but they're deferring over 40% of that fee and depending on the future cash flow to take that. We sized the deferral of fees so that it could be repaid within 10 years because that's the general IRS rule as what's an eligible deferral. It has to be repaid, and it has to be a real fee. It can't go into the tax-credit basis and not be a real fee. That's just a bit of background about why the fee is structured the way it is, but it's also important to compare this project to other projects.

As mentioned, we worked on about 8 or 9 acquisition rehab projects in the past 2 years and we did a fee comparison for those projects of both gross - the total fee, and net - the non-deferred portion, the portion paid during the construction period. This project as proposed before you, the \$2,500,000 is \$17,000 per unit, which is slightly below the median or average for these other projects we worked on. The cash portion, the \$1,500,000 that is not being deferred, is \$10,000 per unit for this 144-unit project, and that is at the very low end of what we found in other projects.

In terms of the overall financing gap of \$5,600,000, that represents \$39,000 per unit, \$19,000 per bedroom. We looked across transactions we've worked on over the last few years. The gaps have ranged generally from \$80,000 to \$150,000 per unit, and \$25,000 to \$50,000 per bedroom. So, this project is substantially below the per-unit subsidies on the other projects and, in fact, is still below the per-bedroom subsidies on these other projects. With that said, every project is different - the land acquisition cost, whether it's a 4% tax credit or 9% tax credit; new construction, as opposed to acquisition rehab; and then the proposed income mix. So, those are only offered as a general frame of comparison. Overall, we think that the gap is a relatively low gap per unit and a very good investment of agency dollars.

COUNCILMEMBER FELLER questioned the rental mix that is around \$700 and \$1,000; how many of each are there?

MR. MARRA stated that there would be, in today's rental dollars in terms of the rent restrictions as calculated in 2008, 15 units at \$724, 64 units at \$954 and 65 units at \$1,032, which is a mix of very low and low income units.

Public input

ROBERT TAYLOR, 4707 Shadow Way Apartments, has lived here for 5 years and really likes this place. You need more places with low income because some of my friends are out in these bushes, and we do need more places of low income in Oceanside.

ALFRED RIVERA, 4771 Yuma, has lived at Shadow Way for the past 5 years, is a very low income individual and likes Shadow Way; it's a good family-oriented place. It's quiet. It used to be a real bad area. I'd like to see all the modifications. It really could help this City.

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

COUNCILMEMBER SANCHEZ had some inquiries having to do with the financial viability of this, and having Keyser Marston actually do an analysis is very helpful for me.

She **moved** to approve the staff recommendations and approve the agreements and associated documents, appropriate the requested funding, authorize the City Manager to execute the agreements, and adopt the resolution:

[Document No. 08-D0540-1 (City Loan Agreement)
Document No. 08-D0541-3 (CDC Loan Agreement)
Document No. 08-0542-1 (City Regulatory Agreement)
Document No. 08-0543-3 (CDC Regulatory)

Document No. 08-0544-1 (City Promissory Note)
Document No. 08-0545-3 (CDC Promissory Note)
Document No. 08-0546-1 (City Deed of Trust)
Document No. 08-0547-3 (CDC Deed of Trust)
Document No. 08-0548-1 (City Security Agreement)
Document No. 08-0549-3 (CDC Security Agreement)

Resolution No. 08-R0550-3, "...finding that the use of low- and moderate-income housing funds outside the redevelopment area for the production, improvement, or preservation of low-to moderate-income housing will be of benefit to the Oceanside Redevelopment Project area"]

DEPUTY MAYOR CHAVEZ seconded the motion.

COUNCILMEMBER KERN stated Jackie Camp asked how this affects the Josepho property.

MARGERY PIERCE, Neighborhood Services Director, responded that for the Josepho site, which we are now calling the Mission Avenue site, there will be additional monies received via the low and moderate income housing fund through redevelopment set-aside. We anticipate continuing to receive Federal HOME dollars and in-lieu fees. The main support of the affordable housing production on that site will come from the sale of the market-rate and/or commercial piece of that project because we purchased the site using low income housing funds and we can't develop market-rate or commercial development on that piece of the property. So, whatever we sell to the market-rate commercial developer will then just generate funds to subsidize the affordable housing development portion.

COUNCILMEMBER KERN stated that in effect, this has no effect on whatever we're calling the Josepho property now, and **DIRECTOR PIERCE** responded that is correct.

DEPUTY MAYOR CHAVEZ has been in a couple of those units and talked to some of the residents. It's clear that there's a need to upgrade the facilities, and he will support it. As far as the financing aspect of it, the \$5,600,000 that the City is providing is at a 3% flat-rate return. How much money will we get back for that \$5,600,000 for our loan?

DIRECTOR PIERCE stated that we should be receiving all of that money, but it is projected out that we would be paid off in the year 47.

DEPUTY MAYOR CHAVEZ stated one of the items brought up to me with the finances is that it appears we're draining down all of our resources for future projects. We're putting \$5,600,000 into this but, once this project's up, we're going to be getting some money back from our investment every year.

MR. MANLEY clarified that it will be \$12,000,000 in return.

DEPUTY MAYOR CHAVEZ stated the other item was the development fees. Explain the deferment of development fees, the \$1,000,000. Is this money that they're actually giving us, or we're saying they don't have to give it to us, or we'll defer it to later or how is that working?

MR. MARRA stated the developer would only be eligible to draw the \$1,500,000 portion of the \$2,500,000 fee during the construction period through what we call placement-in-service of the completed rehabilitated units. So, in terms of the agency contribution to the project, and the other funding that's being contributed to the project, the construction loan will then convert to a permanent loan, the developer's only using those proceeds toward the \$1,500,000 portion. The other \$1,000,000 portion, the developer has the right to basically have a first take on cash flow after debt service each

year until he's received that \$1,000,000 with interest. So, it's not coming from any outside funding source or the agency; it's coming from the project. What we've done is characterized his future cash flow for that initial 10-year period as a fee so that we can get it into eligible basis, put it into the tax-credit formula and yield additional tax credits. We estimate that for the \$1,000,000 deferral, if he didn't take that fee at all and if we just erased it, we would lose about \$350,000 in tax-credit equity, and the gap would go up by that amount.

DEPUTY MAYOR CHAVEZ stated its \$19,000,000 to buy the project. There's really about \$4,000,000 actually going into rehabilitation costs. We're actually putting it in the building and building it up. So, they bought it for \$19,000,000, they're putting \$4,000,000 into it to make it a better project; and the remainder of the money or some sort of fees or indirect costs are for marketing or finance cost. What sort of return are they going to get for the \$4,000,000 they actually put in the project to make it nicer for the next 55 years? What's their return on this investment?

MR. MARRA responded that for a project with restricted incomes very low and low income rents, we typically don't look at the developer's cash flow as meaningful revenue return. Some of these projects, in the future years before the 55-year restriction ends, have the potential to have negative cash flow because the income restrictions have increased more slowly than operating expenses. That does not happen with this project. We've run a 55-year cash flow. When projects are 100% affordable restricted, developers are not looking at them that they would bring private dollars to invest in the project in exchange for that revenue stream because it's too uncertain. We, even in estimating the repayment of your \$5,600,000, used a 10% discount rate to reflect how uncertain it is. So, it's just not the way developers are willing to invest in these projects. Even though typically the completed project is a like-new renovated building, the revenue stream with restrictions is not a sufficient attraction for a developer to invest money.

DEPUTY MAYOR CHAVEZ stated that basically the City is involved with a developer to provide quality housing to the City, and we're deferring fees to make it more attractive. It will be interesting if maybe later on when we are looking at some of the redevelopment market-rate projects, if we're willing to defer any fees to attract people to invest in the City. There is an advantage to deferring fees to attract investors.

The last point is that everybody out there is concerned about traffic and talked to the applicant, pointing out that with the middle school, the park, and all those homes, there are only 2 ways out, and it's a traffic problem. The developer said that he was willing to invest in that because he wanted to do not just a quality project where people lived and actually putting some other amenities in the project, but also to have it nicer for traffic; he'd be willing to do that. Has there been any discussion on opening up roads or making this part of this project? There are 144 units and, if it was a private developer, we'd say open a road, so why not now?

MR. MANLEY responded that the way the deal is currently structured, there hasn't been discussion on that because the numbers are pretty much set. We'd have to have further discussions with the developer and subsequent discussions for any kind of traffic. We know the issue was brought up.

KIP SHEPPARD, President and CEO of Wasatch Advantage Group, Mission Viejo, stated they would be more than willing to have that as a condition placed upon your approval tonight to work with the City to open up Frazee Road and to work with the City in that cost to make that a free-flowing road. We think that would not only benefit the traffic in the area, but it would benefit us from a marketing perspective; it gives another entrance into the property.

DEPUTY MAYOR CHAVEZ agreed it is a marketing issue. You notice there's an expense here for marketing of \$60,000. Is there any problem with that for the City Attorney?

CITY ATTORNEY MULLEN thought that as long as it is agreed to by the developer, and the maker of the motion and the second agree to it, he does not see an issue with including that in the motion.

DEPUTY MAYOR CHAVEZ asked if the maker of the motion would consider the traffic issue.

COUNCILMEMBER SANCHEZ responded that, as maker of the **motion**, she would ask that the staff meet with the community on this. Some of the residents want to keep cross-traffic out, so she would probably want it to be studied to make sure that it does not negatively impact the residents.

DEPUTY MAYOR CHAVEZ was good with that qualification by the maker of the motion. I've talked to a lot of people there and, if we made that other area, it would actually improve their traffic. If that's Councilmember Sanchez's qualification to work with the people to do it, then I'm willing to do that as long as staff and the developer are willing to work on it to adjust the traffic concerns as second.

COUNCILMEMBER SANCHEZ responded yes.

CITY ATTORNEY MULLEN clarified that the amendment to the motion will not change any of the documents that are in front of the Council. The intent of the motion was not to modify the loan agreement or any of the other documents.

COUNCILMEMBER FELLER noted that in our back-up it says there is depletion of the accounts that are listed. Those dollar amounts there are pretty close to \$1,000,000 being all we have left in those accounts. Is that correct; is that our only source of funds?

MR. MANLEY responded that is correct. Some of the funds get replenished throughout the year, such as our 20% set-aside; that's a continual source as long as redevelopment still has the tax increment. We'll get that every year.

COUNCILMEMBER FELLER stated we need some really good projects in redevelopment. In looking at the math, it looked like just the rents paying for the loan are roughly 3 times what that dollar amount is. Then, in that dollar amount, we're paying for the operation of this in that 3 times the amount, we're paying for the operations. There is probably a dollar amount for repaying the bonds. Those people that issue bonds for things like this, is that about the same percentage that they get on a return on investment?

MR. MANLEY indicated there is a set rate when the bonds are issued that they get on a rate of return over the at least 15-year period for bond issuance.

MR. MARRA explained that the way this transaction has been underwritten, the bonds are assumed to have a rate of 5.6%. That's been used as an interest rate for underwriting purposes over 40 years. So, the bonds are in first position and are essentially guaranteed their amortized return over the 40 years. The City money is the soft money in second position. It's very typical in these transactions to structure the agency money as a Second Deed of Trust with a nominal 3% simple interest, but your payments are a percent of residual receipts. Ten years ago when we were doing these types of transactions, agencies really didn't have an expectation of getting money back because operating expenses can increase faster than the rents. The tax credit program effectively requires developers to repay the agency's money so that it not be a grant. They need to show that they can repay your money with at least 3% interest. That's changed the expectation that agencies now tend to look to have this money back. But, it's outright gap. The developer could use a grant, but he can't have a grant; he needs it to be a loan. That's why you'll be getting residual receipts. You're clearly getting a much lower return on your investment than the bond investors would get.

COUNCILMEMBER FELLER believed there will be a lot of people glad that we have this kind of investment.

COUNCILMEMBER SANCHEZ said based on the comments that were made by the two individuals who spoke, the agreement specifies how those who wish to can apply to live in the 144 units. This is 144 units now, and after the rehab it will still remain 144 units. And they are at full occupancy at this time?

MR. MANLEY stated that the developer says 93%.

COUNCILMEMBER SANCHEZ noted the 2 individuals that came forward to speak lived there. The selection process talks about a lottery-type of who will ultimately be able to live in the 144 units and discusses that, whenever possible, applicants currently on the Housing Authority Section 8 waiting list will be given preference for available units. Will those who currently live there be given some consideration because, apparently these two people and maybe even more would like to remain there. Is that something that is in some other document?

DIRECTOR PIERCE responded that the goal will be for the eligible residents that are income eligible to remain on the site, and those that are ineligible because they are over income will be relocated pursuant to the Federal Relocation Act. In terms of Section 8, of course people that are currently residing there will not automatically receive Section 8, but we do want to make it clear that because someone is on the Section 8 voucher program, that doesn't preclude them from living at Shadow Way or any of the other projects that we approve. When talking about a lottery, it's when there is a long waiting list of people to occupy the vacant units.

COUNCILMEMBER SANCHEZ commented that we just heard from a veteran of the Vietnam War, who said that he is very happy there and is low income. So, for him, he will be able to remain there, as an example?

DIRECTOR PIERCE replied that, as an example, it sounds like he would be able to remain there.

COUNCILMEMBER SANCHEZ stated that we've discussed this in the past about homeowner associations and how the City, involved in a project such as this, could insist on each unit being occupied by a family, versus multiple families. The "Lease and Occupancy Procedures" talk about all rules and regulations consistent with local, State and Federal laws and program regulations. For the La Mision Apartments, we insisted on ensuring that it was one family and strictly regulated so we would not have over occupation of the units. Is that something that is contemplated or needs to be added in these documents?

MR. SHEPPARD responded that through the tax credit program, we are required to annually recertify every tenant on the property in terms of their income. During the annual recertification we also conduct an evaluation of the unit and those residents that are in the unit, and we will, to the best that we can, attempt to keep the units to where the occupants are one family and not multiple families in the dwelling, which tend to cause other issues. Our property management company will employ a screening process for every resident that applies to be at the property. We conduct a credit background check; we conduct a criminal background check. Once they are on the property, we hope that they will want to be there and will want to comply with the rules that we have so the property doesn't become a nuisance to the City.

COUNCILMEMBER SANCHEZ asked if he intends to stay with the project for the duration.

MR. SHEPPARD responded that 55 years is a long time. These properties are very difficult to sell. There's not a lot of buyers out there for low income housing, tax-credit properties. Essentially all you're selling is a GP interest, and it's difficult to value.

So we are committed to the property for that period of time and we'll be here in the community.

Motion was approved 5-0.

Mayor Wood determined to hear Item 22.

22. **City Council/CDC: Adoption of a resolution approving the issuance of multifamily housing revenue bonds by the City in a not-to-exceed amount of \$15,000,000 to finance the acquisition and rehabilitation of Shadow Way Apartments, a 144-unit housing complex located at 4707 Yuma Avenue to be owned and operated by Shadow Way Apartments, LP**

- A) Mayor opens the public hearing – hearing was opened.
- B) Mayor requests disclosure of Councilmember and constituent contacts - Councilmembers reported contact with staff.
- C) City Clerk presents correspondence and/or petitions - none
- D) Testimony beginning with:

DAVE MANLEY, Neighborhood Services Division Manager, stated this is basically just an administrative item, which allows the City to move ahead with the process for issuing the bonds. The first step in the process allows the developer to actually apply to the State. This is a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing as required by the Internal Revenue Code. As mentioned in the previous item, the bond issuance is one part of the project. The City will issue up to \$15,000,000 in tax exempt financing bonds for the project. There is no direct or indirect fiscal impact to the City. The bonds are payable solely out of the revenues from the project. If the developer defaults on the repayment, the bond owner security will be the actual project. For bond counsel Best, Best and Krieger, John Ross Schaffer is present to answer any questions. This is a procedural item. The City will monitor the bonds; the City will get an issuer fee, and will get an annual monitoring fee for issuing the bonds.

No public input received: with none the public hearing was closed.

DEPUTY MAYOR CHAVEZ stated there is no liability to the City on this so he **moved** adoption of [**Resolution No. 08-R0551-3**, "...approving the issuance, sale and delivery by the City of multifamily rental housing revenue bonds for the acquisition and rehabilitation of the Shadow Way Apartments"], approving the issuance of multifamily housing revenue bonds by the City in a not-to-exceed amount of \$15,000,000 to finance the acquisition and rehabilitation of Shadow Way Apartments

COUNCILMEMBER SANCHEZ seconded the motion.

Motion was approved 5-0.

MAYOR WOOD determined to hear Item 19.

19. **CDC: Consideration of a resolution approving an amendment to Development Plan (D-207-06) and Regular Coastal Permit (RC-209-06) for the addition of an approximately 500-square-foot roof deck to an approved nine-unit residential condominium project located at 502 North Myers Street – Crystal Sands – Applicant: 502 N. Myers Street, LLC**

- A) Mayor opens the public hearing – hearing was opened.
- B) Mayor requests disclosure of Councilmember and constituent contacts. Councilmembers reported contact with staff and review of the site; Councilmember Sanchez reported no contact.
- C) City Clerk presents correspondence and/or petitions - none.
- D) Testimony, beginning with:

SHAN BABICK, Associate Planner, reviewed that on December 6, 2006, the CDC approved a 9-unit residential project located at 502 North Myers. Construction has commenced, with completion anticipated in summer of 2009. This project is an amendment to the approved development plan and regular coastal permit. The project proposed the addition of an approximately 500 square-foot roof deck and stairwell, to be situated on the northern portion of the building. The roof deck will allow for one of the units, Unit D, to have an ocean view. The proposed deck will be exclusively for the use of Unit D, and no other units will have access to the roof. The addition, including the stairwell, will not increase the project height of 35 feet. The design is consistent with the existing building. He displayed computer slides and the elevations, and nothing can be seen other than the small rail.

Both the Redevelopment Design Review Committee and the Redevelopment Advisory Committee approved the project on unanimous vote. Staff would recommend the Commission adopt the resolution and approve an amendment to Development Plan (D-207-06) and Regular Coastal Permit (RC-209-06).

Applicant

JENNIFER BOLYN, with EOS Architecture, stated that Unit D is in the back, along the alleyway, along Myers, and it has restrictions that there are no views. All of the other units do have views. After we analyzed the project more, we decided to come forward and request putting a roof deck on the project. We are not exceeding the height limit with any non-transparent structures; it is just going to be 2 feet of glass rail. The stair access is below the height limit. So effectively it won't change the existing project at all from an exterior standpoint. It will only increase the resale value of the unit, and that will benefit the whole neighborhood.

Public input

JIMMY KNOTT, 127 Sherri Lane, commented that if there are lawn chairs on the deck and we get heavy breezes, it could be a concern.

Public input concluded

MAYOR WOOD closed the public hearing.

COUNCILMEMBER SANCHEZ moved for approval [of the adoption of **Resolution No. 08-R0538-3**, "...approving an amendment to a Development Plan and Regular Coastal Permit for the addition of an approximately 500 square foot roof deck for an approved nine unit residential condominium project located at 502 North Myers Street – Applicant – Myers Street, LLC"]

COUNCILMEMBER CHAVEZ seconded the motion.

COUNCILMEMBER FELLER expressed concern that, with a 2-foot railing, this would not be a playground for children.

MR. BABICK agreed. He explained that the only thing that you can see from the building is the 2-foot railing, but the California Building Code requires 42 inches of safety railing. So it is 2 feet above the building, and then you have a foot and a half of recess on the roof deck itself, so the total would be 42 inches.

COUNCILMEMBER KERN asked where the access to the roof deck is. He cannot see it in the plans.

JENNIFER BOLYN pointed out the stairway on a computer graphic.

COUNCILMEMBER KERN asked if there will be any additional structures, and **MR. BABICK** replied no.

Motion was approved 5-0.

20. **CDC: Consideration of a resolution approving Tentative Parcel Map (P-203-08), Development Plan (D-203-08), and Regular Coastal Permit (RC-204-08) for the construction of four single-family units to be situated on two separate lots located at 607-609 North Pacific Street – Applicant: 609 Pacific, Inc.**

- A) Mayor opens the public hearing – hearing was opened.
- B) Mayor requests disclosure of Councilmember and constituent contacts. Councilmembers reported contact with staff and review of the site. Councilmember Sanchez reported no contact.
- C) City Clerk presents correspondence and/or petitions - none.
- D) Testimony beginning with:

SHAN BABICK, Associate Planner, stated that the proposed project is for 4 single-family units to be situated on two 5,000 square foot lots. Units range in size from 1,929 to 2,489 square feet. The project proposed a coastal Mediterranean design with hipped roof, arched windows and exterior material consisting of stucco, lap siding and rock veneer. The project utilizes one common driveway, which helps preserve or protect the parking spaces on Pacific Street. He showed computer slides of the site, the project and elevations. The proposed project conforms to the development standards of Section 1230 of the Downtown "D" District. It meets all the development standards and the density is at less than 17.5 dwelling units per acre, well below the maximum density for this area of 43 dwelling units per acre. North Pacific Street consists of older apartment buildings interspersed with some newer condominium development, and we believe that the proposed product type, architectural design is consistent with the newer condominium developments on the North Pacific Street corridor. We also evaluated this project on coastal, and the proposed project will increase the public view and provide approximately 24 feet of lineal foot coastal view, where the existing buildings don't provide any coastal view.

Both the Redevelopment Design Review Committee and the Redevelopment Advisory Committee approved the project unanimously. We would recommend the Commission adopt the resolution approving the Tentative Parcel Map, Development Plan and Regular Coastal Permit.

Applicant

GEORGE PINER, Oceanside resident, asked for an approval on this project. We definitely took into consideration what North Pacific looks like now. Currently there is no view from these 2 parcels, and we have a cumulative view of 24 feet when you are walking the property. By having this shared common driveway, it actually opens up to a much nicer walk through, with no cars abutting into the sidewalk or into the streets. It also preserves the City parking, which obviously generates income. This is the only possible use for this location.

Public input

PAMELA MYERS, 910 North Pacific Street, is here to support this project. She commented that the design is unique and she hopes Council votes for this.

Public input concluded

MAYOR WOOD closed the public hearing.

COUNCILMEMBER SANCHEZ moved for approval [of **Resolution No. 08-R0539-3**, "...approving a Tentative Parcel Map, Development Plan, and Regular Coastal Permit for the construction of four single family units situated on two separate lots located at 607-609 North Pacific Street – Pacifica Villas – Applicant: 609 Pacifica, Inc"].

COUNCILMEMBER FELLER seconded the motion. He noted this project gives the City \$75,000 tax increment. Do they have 11 feet in back?

MR. BABICK explained that it slopes down to the bluff and provides room for a patio or outdoor living area.

Motion was approved 5-0.

GENERAL ITEMS

General Items are normally heard after any 6:00 p.m. Public Hearing Items. However, if time permits, some General Items may be heard prior to any 6:00 p.m. Public Hearing Items, following the Consent Calendar.

23. **City Council: Introduction of an ordinance amending Chapter 5, Section 5.12 (parking restrictions), of the Oceanside City Code, and Article 10, Section 10.13 (no parking in designated bicycle lane), of the Oceanside Traffic Code by revising parking restrictions within bicycle lanes throughout the City**

PAUL PACE, Transportation Operations Supervisor, stated this is an introduction of an ordinance to amend 2 sections of the City's Traffic Code pertaining to parking and bicycle lanes. This is to bring it up to date; we want to change it to what the current regulations are: no parking anytime in any bicycle lanes throughout the City. All of our lanes are currently marked this way, so it won't require any changes in signing and will reduce confusion. The staff and the Traffic Commission recommend that we introduce the Ordinance to amend the City Code for no parking on bicycle lanes.

No public input received

COUNCILMEMBER SANCHEZ moved to introduce the ordinance, "...amending Chapter 5, Section 5.12 of the Oceanside City Code and Article 10, Section 10.13 of the Oceanside Traffic Code by revising parking restrictions within bike lanes".

COUNCILMEMBER CHAVEZ seconded the motion.

COUNCILMEMBER KERN asked how this will be noticed and commented that he has seen people parked on Douglas in the bike lane from Reynolds back to almost Keyport.

MR. PACE believed that parking is allowed on that portion of Douglas. The bike lane was removed away from the curb. Staff is reviewing whether it should be removed and create a right turn lane into the school. So that should not be affected.

COUNCILMEMBER FELLER commented on the difficulty of parking at certain events at Martin Luther King Park. They have talked about slowing the speed on Mesa and maybe moving the lanes over and having some sort of traffic calming or restriction of speed, and to allow parking along that street. The parking lots are really crowded.

MR. PACE responded that on a temporary situation we require traffic control to close the one curb lane, the number two lane, to allow enough room for parking and then the travel lane. The bicycle lane is only 5 feet wide on Mesa Drive and, when a car parks there, it is encroaching too much into the number 2 lane. He discussed possible alternatives and indicated that staff would have to take a look at it since they would be transitioning from 2 lanes to one lane and back to 2 again. Staff is also looking at getting overhead flashing beacons installed on Mesa Drive. We applied for a Safe Route to School Grant to put the overhead flashing beacons. They currently have a speed limit of 25 mph when children are present.

COUNCILMEMBER FELLER suggested that they start looking into those issues. There are other places in the City that need that consideration.

Following the reading of the title, **motion was approved 5-0.**

MAYOR AND/OR COUNCILMEMBER ITEMS – CONTINUED

24. **Request by Mayor Wood for presentation by Ester Rilea and Mimi DeMirjian regarding "Pay As You Throw" pilot program, with possible direction to staff**

Mayor Wood stated he would continue this item to October 1, 2009, since one of the parties presenting had to leave.

26. **Request by Councilmember Sanchez to direct staff to address parking problems in the downtown area, with short-term and long-term solutions; parking uses to be addressed include employees, clientele, and beach users.**

Continued to the October 1, 2008, meeting.

INTRODUCTION AND ADOPTION OF ORDINANCES – NONE

CITY COUNCIL REPORTS

27. **Mayor Jim Wood**

MAYOR WOOD thanked everybody that turned out in Carlsbad City Council Chambers on the 760 area code change. It was large crowd that included some Councilmembers from Oceanside, as well as quite a few citizens from the area. He personally thanked Assemblyman Martin Garrett, who put the entire thing together.

He reviewed various upcoming events and the Dr. Martin Luther King, Jr., fund and the money distributed. They have raised over \$400,000 in scholarships for graduating Oceanside high school seniors. The fund was created in 1989.

Poseidon sent an official letter to the City announcing that the Carlsbad Desal Project has completed the permitting process. Construction is now anticipated to begin in 2009 and conclude in 2011. Once completed, it will produce 500,000,000 gallons of drinkable water per day.

Our prayers and thoughts go out to our nation and our loved ones regarding September 11th remembrance tomorrow. Our Fire and Police Department Honor Guards will do a presentation at 8:00 a.m. at the flag pole.

28. **Deputy Mayor Rocky Chavez**

DEPUTY MAYOR CHAVEZ encouraged people to stop by Ivey Ranch; they do amazing work with young children with disabilities.

29. **Councilmember Jack Feller**

COUNCILMEMBER FELLER announced that yesterday the Pacific Street Bridge opened. It was a great event, and there will be a formal ribbon cutting in the future.

30. **Councilmember Jerry Kern**

COUNCILMEMBER KERN reported substitute teaching the Virtual Enterprise class at Oceanside High School. This year their virtual enterprise is going to be Event Planning. He announced the upcoming Harbor Days.

He will be attending a Water Conference put on by the Metropolitan Water District in Newport Beach tomorrow. They will be discussing the Integrated Resource Plan for Southern California, which is to insure that we have reliable, long-term, high

quality water in our Region, our County and our City. He made additional comments on water issues. What the Mayor said about the amount of water he clarified it is 50,000,000 gallons per day; of that Oceanside is buying 5,000,000 gallons per day, which meets about 10% of our needs. Desalination is the future, but we need the infrastructure coming out of the Delta, etc.

31. **Councilmember Esther Sanchez**

COUNCILMEMBER SANCHEZ announced the American G.I. Forum Annual Scholarship event.

She requested a moment of silence in remembrance of September 11, 2001, to remember the many people who were lost on that day in those acts of violence.

ADJOURNMENT

A moment of silence was observed for all of the people lost on September 11, 2001.

MAYOR WOOD adjourned this joint meeting of the Oceanside City Council, Community Development Commission and Small Craft Harbor District Board of Directors at 8:43 PM on September 10, 2008.

(Next meeting is Wednesday, September 17, 2008, at 4:00 PM.)

ACCEPTED BY COUNCIL/HDB/CDC:

Barbara Riegel Wayne
City Clerk, City of Oceanside