

MAYOR RICHARD S. CLAIRE
VICE MAYOR JEFF IRA

MINUTES
1017 MIDDLEFIELD RD

COUNCIL MEMBER JIM HARTNETT
COUNCIL MEMBER DIANE HOWARD
COUNCIL MEMBER COLLEEN M. JORDAN
COUNCIL MEMBER BARBARA PIERCE
COUNCIL MEMBER IRA RUSKIN

REDWOOD CITY, CA

REGULAR MEETING
CITY COUNCIL,
BOARD OF EQUALIZATION,
REDEVELOPMENT AGENCY
DECEMBER 9, 2002
7:00 P.M.

The Mayor/Chairman convened the City Council, the Board of Equalization and the Redevelopment Agency meetings to order concurrently.

- 1. CALL TO ORDER - MEETINGS OF THE CITY COUNCIL, BOARD OF EQUALIZATION AND REDEVELOPMENT AGENCY**
- 2. ROLL CALL - SIMULTANEOUS FOR COUNCIL MEMBERS, BOARD OF EQUALIZATION DIRECTORS AND REDEVELOPMENT AGENCY MEMBERS**

Council Members/Agency Directors/
Board of Equalization Members Present:

Hartnett, Howard, Jordan, Pierce, Ruskin,
Vice Mayor Ira, Mayor Claire

Staff Present:

City Manager Everett, Financial Services
Director/Assistant City Manager Ponty, City
Clerk Howe, City Attorney Yamamoto,
Assistant City Attorney Brower, Deputy City
Clerk Ponte, Administrative Secretary Dale;
Financial Services Manager Freeman,
Interim Community Development Services
Director Liedstrand, Community Development
Services Manager Patterson, and
Redevelopment Manager Church, Economic
Development Coordinator Webb; Downtown
Manager Moeller, Traffic Engineer Haygood,
Volunteer Balsamo

3. **PLEDGE OF ALLEGIANCE - Ira Ruskin, Council Member**
4. **INVOCATION - Chaplin David Corrales, Bay Meadows Chaplin and Templo La Luz**
5. **ORAL COMMUNICATIONS (CITY COUNCIL, BOARD OF EQUALIZATION AND REDEVELOPMENT AGENCY)**

Robert Slusser, representing the "Tis the Season committee, stated that the event on December 7 was different than in the past and he thanked City staff, particularly, Gary Hover. Mr. Slusser asked for feedback from the community.

Rudy Luca stated that despite the conditions of why the City is embarking on a \$37M recycling project that will only result in more increases in our water rates, he asked, if the Council really wants to keep increasing taxes to pay for a project that Redwood Shores neighbors are opposed to and that other Redwood City residents will subsidize. He asked that Council consider turning down the project and go on with more important issues. He stated that the project is not sufficient and is not proper at this time.

Christina Lai stated that the concerned citizens hope that the Council has the compassion to accommodate their concerns with recycled water in residential areas. She submitted to the Council, on behalf of the Safewater Coalition, a petition signed by 750 Redwood Shores residents. She requested that the City Clerk document deliverance of the petition. She also presented endorsement letters from various Homeowners Association Boards within the Redwood Shores neighborhood. She thanked the supporters who came to the meeting seeking a resolution of this matter that is fair to all involved, especially the citizens living in the area that may be directly affected by this.

Dennis Wolfe, Vice President of the California Republican Assembly, stated his reason for attending the meeting was to watch how the Council delicately maneuvers through the process of changing parts of the water delivery system in the City from totally fresh water to a combination of fresh and recycled wastewater. He urged the Council to balance personal political goals with true, honest and effective leadership.

Philip Nettle, President of Shorebird Homeowners Association, stated he is representing 192 homeowners, taxpayers and voters in his community who are extremely upset and concerned by the City's attempt to force partially treated wastewater on the grounds of their residential property. He stated his Board of Directors, after considerable research and consultation with numerous environmental experts, has concluded that there is insufficient scientific data presently available to support the contention that recycled water is safe.

Erik Oliver, representing the Ventana del Mar Homeowners Association, stated that the Board representing 244 units, voted to oppose treated wastewater on lawns, backyards and homes. He stated that there are concerns that they will be forced against their own judgment to be exposed to substances that will in all likelihood, cause injury over the lifetime of living in their homes and lower the value of their homes. He urged the City to find other sources of water and not punish the existing homeowners.

Mark Fan, representing Governor's Bay Homeowners Association, stated that the 52 homeowners in the Redwood Shores area are against the proposed usage of wastewater in the front lawns. He further stated that their concern is that there is no scientific proof that it is safe and the long-term effects on residents are unknown.

Peter Lim stated that as a resident of Redwood Shores he is very concerned about the cost involved. He stated that a calculation based on an article he read could increase his water bill by approximately \$300.00 per year.

Henry Chang, Redwood Shores resident, stated that his family is emphatically against recycled wastewater on their front lawn. He presented a letter from his neighbors to the Council.

Leslie Todd passed some photographs of her young son and explained that his shoes and knee are wet. Her three points were that she is a mother, President of the Redwood City Mothers Club, and that she works as a medical writer. She stated that as a medical writer she is very aware of what is involved to be allowed to say that something appears to be relatively safe and that recycled water does not even approach that. She stated she does not want recycled water in her son's personal play area, which is her front yard.

Karen Pace is President of Stratford Bay Homeowners Association, a community of 105 single family homes. She stated that the residents are very concerned about the consideration of using recycled water and have expressed that they are adamantly opposed to the use of recycled water for lawn irrigation, including parks and school fields. Personally, she stated that she is deeply concerned about the possibility and that her home backs up to the six-acre park behind Sandpiper School and community center where hundreds of children have run through the sprinklers during the past summers. She stated that whatever challenges are faced by the City, if creating a potential health risk is part of the solution, an alternate solution must be found.

Ray Wang thanked Council for the opportunity to speak and asked that Council Members place themselves in their shoes. He stated that they are facing a potential health issue and it appears that there may not be a solution. He further stated that there are small steps being taken, paying for consultants and studies, irrigation

improvements and upgrades, a grant application. He stated that development just creates more dependence on Hetch Hetchy water and if serious about the water issue, Council should consider slowing down development.

Council Members made various comments.

6. CONSENT CALENDAR – CITY COUNCIL

Items on the Consent Calendar are considered to be routine by the City Council and will be enacted by one motion and one vote. There is no separate discussion of these items unless a Council Member or Citizen so requests, in which event the item is removed from the Consent Calendar and considered in its normal sequence on the agenda.

M/S Hartnett/Pierce waive reading of the Consent Calendar except the ordinances by title, adopt the resolutions and the ordinances, and approve other items. The motion passed by a unanimous roll call vote.

6.1 Section – Resolutions

- A. 401 (a) (Defined Contribution) Deferred Compensation Plan for Department Head Employees; (904)**
- i) **RESOLUTION 14483 RETIREMENT ENHANCEMENT PROGRAM TO ELIGIBLE EMPLOYEES;**
 - ii) **RESOLUTION 14484 DEFINING THE EMPLOYEE POSITIONS ELIGIBLE FOR THE RETIREMENT ENHANCEMENT PROGRAM;**

6.2 Section – Claims and Warrants

- A. Reject the claims of Barbara Urrita, claim no. 2017 and the claim of Veronica Lopez, claim no. 2072 as submitted; (303) **MINUTE ORDER 02-360****
- B. Approve warrants dated through December 9, 2002 and usual and necessary payments through December 16, 2002; (301) **MINUTE ORDER 02-361****

7. MINUTES BOARD OF EQUALIZATION

- A. M/S Hartnett/Howard to Approve the Minutes of the **Board of Equalization** meeting of July 15, 2002 as submitted. The motion passed by a majority voice vote with Board Member Pierce abstaining. (301) **MO 02 BE-003****

8. STAFF REPORT - BOARD OF EQUALIZATION

A. Fiscal Year 2002-2003;

Financial Services Director/Assistant City Manager Ponty explained that there was one appeal filed out of 4,324 appraisals and the appraiser has reached an agreement with the appellant. The net difference in taxes to the District is \$15.00 out of over \$2M in revenue. The appraised value has been reduced from \$500,000.00 to \$470,000.00.

M/S Howard/Pierce to accept the revised appraised values for the single property which an appeal was filed and for which the City and the property owner have agreed to a reduced value. The motion passed by a unanimous voice vote.

MO 02 BE-004

M/S Howard/Ira to adjourn the Board of Equalization Meeting. The motion passed by a unanimous voice vote. The motion passed by a unanimous voice vote by those present.

7:45 p.m. - Vice Mayor Ira left the dais due to a conflict of interest on Item 9.A.

JOINT ITEM - CITY COUNCIL AND REDEVELOPMENT AGENCY

9. STAFF REPORT - CITY COUNCIL AND REDEVELOPMENT AGENCY

A. Downtown Retail-Cinema Project; (100)

Council Member Hartnett, Chair of the Retail/Cinema Project Committee, stated he is proud and pleased to submit the report on the recommendations. The report included in the agenda packet reflects the unanimous recommendation of the Council subcommittee.

He explained the background indicating that Council approval of the Disposition and Development Agreement (DDA) was approved in January of 2001. After that time, the economy changed nationwide, but more dramatically, in Silicon Valley. As a result of the economy it became apparent that alternatives needed to be explored in connection with the Block 2 portion of the Retail/Cinema Project. Initially, Block 2 was anticipated to have an office building of over 100,000 square feet and a parking garage to service the office building and the Retail/Cinema complex along with other parking needs. After it was apparent that Block 2 development was not feasible, a substantial effort was made to explore what alternative uses might make sense in order to generate similar value which would support the value. As that effort unfolded, it became apparent that there were not alternative uses that appeared to provide the

same kind of support or that were consistent with the Downtown needs. It was then decided to study what else might be done to promote a better Downtown. At this time, there is an opportunity to reconfigure the project consistent with the goals set at the beginning of the project. The amendment to the DDA still has within its confines the Retail/Cinema complex as envisioned, but now has two stories of underground parking below the Retail/Cinema complex, extending out to the street that will serve the entire Downtown area.

Economic Development Coordinator Webb explained in greater detail the amendment to the Disposition and Development Agreement and showed various slides to exhibit the various points.

Council questions and comments ensued regarding the parking garage and parking fees.

Public Comment:

Alan Bygdnes made a presentation stating that two of the major responsibilities of the City Council are to 1.) Protect the financial interests and assets of all Redwood City residents and businesses; and 2.) Maintain a flat playing field for all residents of Redwood City and their businesses. He described the building on Block 1 and cited costs involved and anticipated annual net income to both David Irmer and the City of Redwood City. He described the parking rates in the three parking garages stating that during the peak shopping hours, rates are five days a week, all day Saturday and Sunday at \$5.00/hour. Customers of Mr. Irmer's building will park free at all times, seven days a week. Mr. Bygdnes stated that he believes that the parking structure rate will discourage customers from coming to downtown Redwood City to shop at the other businesses during peak hours and all day Saturday and Sunday. This would essentially convert the three City owned parking facilities into exclusive parking facilities for Mr. Irmer's project. He asked that the amended DDA not be approved, or to modify it by selling Block 1 to Mr. Irmer for \$7.5M, let Mr. Irmer use the \$20M Block 2 donation to build and operate his own garage in Block 1. Remove the amended DDA parking rate agreement and maintain the standard City parking rates for the Block 2 parking garage and the Marshall Street garage.

Elizabeth Travers submitted a letter for the record, stating she is not against the concept of the theatre, but against the plan of a 4,200 seat group of theatres which she believes to be an excessive number for the location and available parking. She also expressed disagreement with Redwood City taxpayers subsidizing a proposed parking garage.

Donald A. Wilson stated that for the last 30 years he has occupied the building at 928 Middlefield Road. He urged the Council to consider whether they should endorse the

expenditure of \$26M of Redwood City funds to fund a parking structure primarily for the exclusive use of the theatre project.

Daniela Gasparini stated that she is past Chair to the Chamber of Commerce that had voted in favor of the project when the DDA was approved in 2001. Although there was not sufficient time to present to the Board and members the current DDA proposal, there were three past Chairs at the meeting to speak in support. She further stated that she cannot wait to walk or drive to see a movie at the new theatre and utilize the retail component of the project. Ms. Gasparini stated that the underground parking access should be studied to provide more than one way in or out and monitoring of the traffic flow in the area would be helpful.

Keith Bautista compared the vision and leadership, along with patience and persistence involved in the building of the 1,800 mile railroad line in the 1860's to that of the Retail/Cinema project. He stated that in the years to come many seen and unseen benefits will be realized and he strongly recommended a positive vote on the project.

John Anagnostou, resident and co-owner of the Fox Theatre and the Little Fox, stated that some points in the proposal were made that need clarification. He stated that people are motivated by love and fear, but that fear was mostly being expressed on this subject. He stated that the love from the project will be exhibited by the people coming to this vacant town and that there is not really a parking problem. He asked that clarification occur and that everyone realize that tough decisions need to be made or the town will continue to sit idle.

Matt Matteson, building owner at 1991 Broadway, stated that he was speaking for those who have followed the call to invest in Redwood City and that the theater project is one that excited the investors and is clearly one that they welcome. He stated that he believes that not only will people come and spend money Downtown, but that tenants and owners will invest in their spaces as a result of the theatre project. He urged Council to keep the big picture and help them continue to invest in Redwood City.

Recess: 9:00-9:30 p.m.

Council Member Hartnett made the following responses to questions:

- The issue of the Redwood City parking garage costs - stated that the present value is approximately \$22M. The City receives in return for that, the \$20M garage asset. This value does not take into consideration any revenues generated by the project or parking; any value obtained with respect to Block 2; or revenue generated from operations in Block 2 such as transient occupancy tax.

- The issues related to whether or not there is a public parking garage to accommodate public parking and how it gets funded. The revenue necessary for the project will be generated through existing revenue sources, primarily, Redevelopment Agency funds.
- The parking issue - there is 4-hour free parking in the underground parking for theatre patrons, and after the 4 hours, it is \$5.00 per hour during peak periods. (Peak periods are Monday through Thursday after 5 p.m.; Fridays after noon, and all day on weekends) The 4 hours free parking is to provide an incentive for theatre patrons to park and to use other businesses in the Downtown either before or after viewing a movie. There is also 1 hour of free parking with validation in the underground parking for other project businesses.
- With respect to Block 2 – there is also the 4-hour parking incentive, 1-1/2 free or validated parking for any person frequenting the Downtown. The only other location where there is a parking charge and regulation is the Marshall Street garage – in that garage there is 2 hours free or validated parking for any person frequenting a business Downtown and the \$5.00 charge comes only after the 2 hours.

Council Member Jordan asked what the projected revenue for the parking garage would be.

Tim Kelly of Keyser Marston responded that the analysis does not encompass 30 years worth of revenue and that would be determined by any policy decisions on parking fees.

City Manager Everett clarified that a slide that implies the developer would receive \$3.7M per year is inaccurate due to the fact that a loan would have been obtained in the amount of approximately \$33-\$35M and the developer must pay interest on that loan.

Council made various comments and asked questions regarding the parking plan.

Community Development Director Liedstrand stated that there will be a variety of publicity efforts and enhancement of the parking experience.

M/S Hartnett/Howard to ADOPT CONCURRENT RESOLUTION RDA 02-73 OF THE REDEVELOPMENT AGENCY OF THE CITY OF REDWOOD CITY AND RESOLUTION 14485 OF THE CITY COUNCIL OF THE CITY OF REDWOOD CITY APPROVING THE ADDENDUM TO THE EIR FOR THE CINEMA/RETAIL PROJECT.

The motion passed by a majority roll call vote with Council Member/Director Jordan voting no and Vice Mayor/Vice Chair Ira abstaining.

M/S Hartnett/Howard to ADOPT **RESOLUTION 14486** OF THE CITY COUNCIL OF THE CITY OF REDWOOD CITY APPROVING SUMMARY REPORT PURSUANT TO HEALTH AND SAFETY CODE SECTION 33433 ON AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY, THE REDEVELOPMENT AGENCY OF THE CITY OF REDWOOD CITY AND BHV INNISFREE VENTURES I, LLC.

The motion passed by a majority roll call vote with Council Member Jordan voting no and Vice Mayor Ira abstaining.

M/S Hartnett/Howard to ADOPT **RESOLUTION 14487** OF THE CITY COUNCIL OF THE CITY OF REDWOOD CITY APPROVING AND AUTHORIZING EXECUTION OF AN AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY, THE REDEVELOPMENT AGENCY OF THE CITY OF REDWOOD CITY AND BHV INNISFREE VENTURES I, LLC; (Section 1. revision to read as follows: The City Council hereby approves the DDA on file with the City Clerk, which DDA is incorporated herein by reference.)

The motion passed by a majority roll call vote with Council Member Jordan voting no and Vice Mayor Ira abstaining.

M/S Hartnett/Ruskin to ADOPT **RESOLUTION RDA 02-14** OF THE REDWOOD CITY REDEVELOPMENT AGENCY APPROVING AND AUTHORIZING THE EXECUTION OF AN AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE AGENCY, THE CITY OF REDWOOD CITY AND BHV INNISFREE VENTURES I, LLC; (Section 1. revision to read as follows: The Redevelopment Agency hereby approves the DDA on file with the City Clerk, which DDA is incorporated herein by reference.)

The motion passed by a majority roll call vote with Director Jordan voting no and Vice Chair Ira abstaining.

Mayor/Chairman Claire stated that this topic would not be discussed on December 16 and that necessary Council/Redevelopment Agency action had been completed.

M/S Howard/Hartnett to adjourn the **Redevelopment Agency Meeting**. The motion passed by a unanimous voice vote by those present.

10. MATTERS OF COUNCIL INTEREST

10. A. Legislation (information only) - This sub-section involves possible discussion of City Position on Proposed Legislation Described in the League of

California Cities Priority Focus Bulletin No. 42-2002. Council may direct staff to act on positions taken by Council. (Copies of League of California Cities Priority Focus available in City Clerk's Department).

10.B. Hetch Hetchy Water System Update - Update on actions required by City Council in January/February, 2003 pursuant to AB 2058 and addressing the question of whether to form and join the new Bay Area Water Supply and Conservation Agency (BAWSCA); and pursuant to SB 1870, appointing a representative to the agency and the new Regional Water System Financing Authority. Both are outcomes of recent State legislation and are for the purpose of facilitating repair of the Hetch Hetchy regional water system.

Council Member and Chair of the Committee for Regional Water Supply Reliability Ruskin stated that the Legislature passed 3 pieces of legislation. The State mandates San Francisco to repair the Hetch Hetchy system, the second item enables a new water district to be set up that encompasses all of the 29 agencies (including Redwood City) that receive water from the Hetch Hetchy system, and the third item that enables a funding mechanism for repair of the system.

The Committee will make every effort to quickly set up the new water district enabled by AB 2058. This water district will enable Redwood City and all the other users to look out for own water concerns as a group in terms of water conservation and finding new water supplies. The recommendation would be to plan with PWS Director Ingram, as early possible in January, a public hearing and resolution for the Council to endorse the water district and to join the district. Prior to that occurring, State law requires that one agency must initiate that process. The Alameda County Water District is to be the initiating agency and most likely will take action to do that in early January 2003. Immediately following that action, Redwood City Council will hold a public hearing; consider adopting the resolution supporting and joining the new district and then appointing a person to serve on that district and appointing a person to serve on the funding mechanism district. The recommendation to Council will be that the person appointed to serve be an election official, a member of the Council, and that the person be the same to serve on both the water district and on the funding mechanism.

10. C. Council Member Howard – stated that the California Coastal Commission sent a letter to the City of Redwood City and the Pride and Beautification Committee for their efforts throughout the year and the past 8 years in the efforts in their Coastal Clean-up in the 17 miles of waterway. The last clean-up involved 850,000 pounds of trash, the biggest trash haul ever out of the City's waterways.

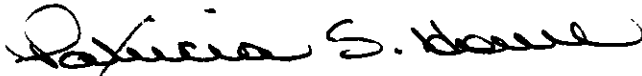
10. D. Council Member Pierce – announced that as part of the increasing number of cultural activities occurring in Redwood City, the Peninsula Symphony will be coming to the Fox Theatre on January 19. She stated that the special program is

music of Spain that includes Flamenco dancers with the symphony playing behind them. There are group discounts available and tickets are available through Peninsula Symphony.

11. ADJOURNMENT – 10:30 p.m.

M/S Jordan/Pierce to adjourn until the next Special City Council Meeting of December 16, 2002. The motion passed by a unanimous voice vote by those present.

Respectfully submitted,



Patricia S. Howe, CMC
City Clerk/Redevelopment Agency Secretary