

**MINUTES**  
**JOINT CITY COUNCIL/IMPROVEMENT AGENCY MEETING**  
**TUESDAY, FEBRUARY 21, 2006**

**CALL TO ORDER** Mayor/Chair Versaw called the meeting to order at 9:40 p.m. in the City Hall Council Chambers, 154 South Eighth Street, Grover Beach, California.

**ROLL CALL**

City Council/Agency: Council/Board Members Ashton, Ekbohm, Shoals, Mayor Pro Tem/Vice Chair Lieberman, and Mayor/Chair Versaw were present.

City/Agency Staff: Interim City Manager/Executive Director Warne, City Attorney/General Counsel Koczanowicz, City Clerk/Agency Secretary McMahon, and Interim Community Development Director/Deputy Director Hansen were also present.

Also present were Special Legal Counsel Dave McEwen of the firm Stradling, Yoca, Carlson & Rauth; and redevelopment consultant Richard Tillberg, Vice President of Urban Futures, Inc.

**PUBLIC COMMUNICATIONS**

The Mayor/Chair opened the floor to any member of the public for comment on items of interest which were within the jurisdiction of the City Council/Improvement Agency but were not listed on the agenda. No one responded and the Mayor/Chair closed the Public Communications segment for this portion of the meeting.

**IMPROVEMENT AGENCY - CONSENT AGENDA**

Upon unanimous consensus, Consent Agenda Item No. IA-1 was approved as submitted.

**IA-1. Minutes of the Improvement Agency Meeting of Tuesday, January 17, 2006.**  
**Action:** Approved as submitted.

**CITY COUNCIL/IMPROVEMENT AGENCY- PUBLIC HEARING**

**CC/IA-1. Proposed Disposition and Development Agreement (DDA) between the Grover Beach City Council/Improvement Agency and "The Grand Paseo, LLC" (a California Limited Liability Company).**

Mayor/Chair Versaw read the title to the foregoing item, declared the Public Hearing open, and deferred to staff for a report. Interim Community Development Director/Deputy Director Hansen gave an overview of the report regarding the proposed Disposition and Development Agreement (DDA) for acquisition and transfer of a portion of certain property to be included in a proposed mixed-use, multi-story, commercial, and visitor-serving hotel/condominium/restaurant development located at the corner of North Fourth Street and West Grand Avenue. He clarified that the DDA could be initially presented to either the Planning Commission or the City Council, but that the Applicant had requested the DDA to be presented to the City Council first. He noted a Special Meeting of the Planning Commission had been scheduled for Tuesday, February 28, 2006 to consider the proposed project. He then introduced Richard Tillberg, Vice President of Urban Futures, Inc.

Referencing a memorandum from Urban Futures, Inc., dated February 2, 2006, Attachment 4 to the staff report, Mr. Tillberg provided an overview of Urban Futures' analysis and recommendations for specific actions to be taken prior to the City/Agency entering into a Development and Disposition Agreement with the developer. He also provided an overview of the proposed project, requested additional time to contact banking institutions to confirm the developer's financial status, gave a brief overview of the project's financial feasibility, and outlined the developer's request for Agency assistance to acquire property and to fund public improvements. He then responded to questions from the Council/Agency.

Discussion was held regarding the Cypress Ridge Market Analysis provided by the developer which contained no specific market analysis for Grover Beach, the recently updated Keyser Marsten Feasibility Study for the proposed Beach Lodge and Conference Center Project that would probably have more pertinent information, and areas of concern that still needed to be resolved regarding the developer's professional performance qualifications and financial capacity.

11:00 p.m. Rule: At 10:40 p.m., it was m/s by Council/Board Member Ashton/Mayor Pro Tem/Vice Chair Lieberman to continue the meeting past 11:00 p.m. The motion carried on the following roll call vote:

AYES: Council/Board Members Ashton, Ekbohm, Shoals, Mayor Pro Tem/Vice Chair Lieberman, and Mayor/Chair Versaw.

NOES: Council/Board Members - None.

ABSENT: Council/Board Members - None.

ABSTAIN: Council/Board Members - None.

Interim Community Development Director/Deputy Director Hansen then introduced Special Legal Counsel Dave McEwen, from the law firm of Stradling, Yoca, Carlson & Rauth, who provided a step by step overview of the redevelopment process and then reviewed the latest draft of the Development and Disposition Agreement. He confirmed that a Development and Disposition Agreement did not guarantee an eminent domain proceeding and then responded to questions.

Discussion was held regarding attempts to contact the property owners, Martin and Susan Polin, or contacts with their agent over the past year. Special Legal Counsel McEwen emphasized that his firm encouraged all parties to thoroughly conduct negotiations before considering any eminent domain action. He also outlined fiscally negative consequences from unsuccessful attempts at eminent domain. Further discussion was held regarding various costs.

Interim City Manager/Executive Director Warne noted that the developer had not yet paid the City/Agency approximately \$50,000 in processing fees, and recommended any Council/Agency action be contingent upon immediate payment of the fees.

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

The following persons spoke *in objection* to the Grand Paseo project and expressed concerns over the use of eminent domain:

- Charles Steele, Grover Beach;
- Anthony Bagnette, attorney representing property owners Martin and Susan Polin, disputed the City/Agency's attempts to contact his clients, requested delaying a decision on the proposed Development and Disposition Agreement until his clients had an opportunity to speak with the City/Agency;
- Don Fielding, Grover Beach;
- Gary Edmonds, Grover Beach;
- Kevin Pryor, co-owner, Five Cities Auto, Grover Beach;
- Mike Hackelman, co-owner, Five Cities Auto, Grover Beach;
- Helen Mclver, Grover Beach;
- John Hackelman, Atascadero, financially affiliated with Five Cities Auto, Grover Beach;
- Linda Hollingsworth, owner, Automotive Services Center, Grover Beach;
- Bob Cotner, Grover Beach;
- Loretta Doukas, Grover Beach; and
- Elizabeth Doukas, Grover Beach.

The following persons spoke *in support* of the Grand Paseo project:

- Jamie Stewart, Grover Beach;
- Tom Rehder, owner, Mongo's Restaurant, Grover Beach;
- Dave Henry, developer, Grover Beach;
- Ron Cebulla, developer, Grover Beach;
- Bruce (last name unknown), business owner, Grover Beach;
- Ron Perkins, Applicant, Cobalt Construction, Grover Beach, who gave a brief

overview of his personal and professional background, and introduced members of his development team;

- Howard Becker, law firm of Belsher and Becker, attorneys for the Applicant; who gave an overview of projected revenue to the City/Agency from the proposed project, and stated the fees had not yet been paid by his client because the amount was in dispute; and
- George Garcia, architect for the Applicant, briefly described the proposed project.

The following person also spoke:

- Gene Bello, Grover Beach, who praised the proposed project but objected to the non-payment of fees.

There were no further public comments received.

Further Council/Agency discussion was held with some members of the Council/Agency praising the design of the proposed project but requesting postponement of any decisions on the Applicant's requests to allow further public input and additional time for the Applicant to provide the requested documentation to Urban Futures, Inc., for further review and analysis.

Recess: Upon consensus of the City Council/Improvement Agency, the meeting recessed at 12:40 a.m. due to a technical malfunction of the video production equipment.

Reconvene: At 12:41 a.m., the meeting reconvened with all Council/Board Members present.

**Action:** It was moved by Board/Council Member Shoals and seconded by Mayor Pro Tem/Vice Chair Lieberman to schedule a Special Joint City Council/Improvement Agency meeting on Thursday, March 2, 2006 at 6:30 p.m. The motion carried on the following roll call vote:

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

**CLOSED SESSION** At 12:47 a.m., the City Council/Improvement Agency met in Closed Session to consider the following item:

1. **Conference with Real Property Negotiators**  
Pursuant to Government Code Section 54956.8  
Property: APN 060-381-010-012  
Agency negotiator: Interim City Manager and City Attorney.  
Negotiating party: State of California Department of Parks & Recreation.  
Under negotiation: Terms of payment.

Closed Session Announcements: At 1:30 a.m., Mayor/Chair Versaw convened the meeting in open session with all Council/Board Members present, and announced there were no reportable actions taken.

**ADJOURNMENT**

There being no further business to come before the City Council/Improvement Agency, Mayor/Chair Versaw adjourned the meeting at 1:30 a.m.

**CITY COUNCIL:**

/s/ LARRY VERSAW, MAYOR

Attest: /s/ DONNA L. McMAHON, CITY CLERK  
(Approved at CC Mtg 3/20/06)

**IMPROVEMENT AGENCY:**

/s/ LARRY VERSAW, CHAIR

Attest: /s/ DONNA L. McMAHON, AGENCY SECRETARY  
(Approved at IA Mtg 3/20/06)