

MINUTES

Joint Meeting of the Scotts Valley City Council and Redevelopment Agency Board of Directors

Date: November 4, 2009

POSTING:

The agenda was posted on 10-30-09
at City Hall, the SV Library, and the
SV Senior Center by the City Clerk.

CALL TO ORDER 6:00 p.m.

PLEDGE OF ALLEGIANCE and MOMENT OF SILENCE

ROLL CALL

Present:

Mayor Johnson
Vice Mayor Reed
Council Member Aguilar
Council Member Bustichi
Council Member Lind

City Manager Ando
City Attorney Powell
Public Wks Director Anderson
Police Lieutenant Hohmann
Interim Community Dev Dir Westman
City Clerk Ferrara

COMMITTEE REPORTS CM Bustichi reported that the Santa Cruz Metropolitan Transit District met and discussed an upcoming review of their budget due to reduced sales tax figures.

CM Lind reported that she attended the Cal LAFCO annual conference last week and received valuable information regarding water, planning/land use, economic issues, and upcoming legislative issues.

CM Lind reported that she attended the Santa Margarita Groundwater Advisory Committee met and discussed various landscape plans, integrated regional water management plan updates, and reports on various plans and policies that the Committee is reviewing.

CM Lind reported that LAFCO met and reviewed and discussed updates of some water use policies.

Mayor Johnson reported that the City Select Committee met today regarding the negative impact of the State budget on cities and counties. He stated that they also discussed the Capitola Library.

Mayor Johnson reported that the Library Subcommittee met and discussed the public input they received at the public meeting held at the Community Center on October 26, 2009 regarding the new library being built at the Sports Center on Kings Village Road. He also reported that the Subcommittee will be going on a tour of libraries throughout the Bay Area to get ideas.

CM Aguilar reported that the Board of Directors of the League of California Cities met via conference call regarding the proposed legislation to protect local monies. She reported that they also spoke regarding California Forward, who is proposing a proposition for a constitutional convention. She stated that additional information will be coming forward in the future.

VM Reed reported that the Library Joint Powers Board met and one of the issues they discussed was their relationship with local Friends of the Libraries organizations as it relates to private donations to pay for library open hours.

VM Reed reported that the Gateway South Subcommittee has met two times since the last Council meeting. He stated that the Attorney for Title II submitted a letter to the City, received on October 22, 2009, that included the following statement: *"...references in the SEIR to "Target store" should be deleted and modified to "retail store" without a reference to a specific brand or user."* He stated that the letter also concluded with the following statement that any references to a "Target store", *"...shall be understood to mean "retail store" only."* He stated that the Subcommittee had a phone conversation with Target Corporation the week of October 26, and Target's representatives told them that Target is not under contract with Title II, and they *"...are not part of this project."* VM Reed stated that the Target representatives stated that they still like the Title II site and they are still interested in this "market", but they have no plans to reconsider their decision to not be a part of this project, and they are looking elsewhere in Santa Cruz County. He stated that from Target's perspective this is an economic decision, it is not a site selection decision or a market area decision. He stated that Target told them that this site costs approximately \$10 million more to develop than any other flat site around. He stated that in light of this information, the Subcommittee talked about the information they had previously received when evaluating economic consultants who wanted to prepare the study to assess what economic impact Target would have on Scotts Valley. He stated that several of the consultants stated that the footprint of a Target, and the impact of a Target, is significantly different than other stores. Based on this information, the City may possibly need to take a look at some revisions to the economic impact study, and the public has been under the assumption that this was going to be a Target store, so the Subcommittee discussed potential changes to the public comment period with ICDD Westman to evaluate how this information affects the CEQA process.

ICDD Westman stated that in reviewing all of the information received and going through the CEQA documents, she reported to the Gateway South Subcommittee this afternoon that she made a determination, based on CEQA regulations, that the comment period needs to be extended for another 45 days. She stated that she believes that there are a number of people who have made comments based on this being a Target store, and they may want to provide additional comments or additional information with the information from Title II that the application that they have given to us, and we are processing, is not for a Target store, but for a generic retail store. She stated that there may also be members of the community who might have had one opinion about a Target store going in, and might have a different opinion about some other type of retail store going in at this location. She stated that

the comment period will be extended for 45 days, and during that period she will review all of the information that we have, all the information that is in the SEIR, and at the end of that time make a decision about what additional information needs to be provided if the City is going to go forward processing this SEIR.

VM Reed stated that this is a change that complicates the process. He stated that the Draft SEIR states that there are eight impacts that can't be readily mitigated. He stated that the premise of the project had been that there may be overriding considerations and benefits that the City may receive that could outweigh these eight detrimental impacts. He stated that the purpose of doing all of these reports and having these professionals look at this information is so that the City can have objective data to meaningfully discuss. He stated that in the economic study we received information that showed an approximately \$489,000 net benefit to the City if this is a Target store. He questioned how the City is supposed to make an informed decision if we can't quantify what the economic benefits/impacts are. He stated that the City received an email on October 29, 2009 from the Attorney for Title II, stating that the letter they submitted, dated October 21, 2009, regarding the Draft SEIR for Gateway South, was withdrawn because it was sent in error and requesting that the letter be returned. He stated that it was not possible for the City to return the letter.

CM Bustichi questioned the City's ability to require a new economic study, and traffic information based on the news that this is no longer a Target store.

ICDD Westman responded that the City would work with the economic consultant and have them outline for the City what the impacts would be based on the various classes of retail uses. She stated that the difficulty that the City has, is that once the project goes through, and if it is approved, the City's ability to determine who can occupy that space is limited, because the City would only be approving a generic retail space. She stated that staff has already informed the applicant that it will be necessary to perform a new economic study, and for traffic we will also have to look at all conceivable options.

CM Aguilar questioned if SEIR maintains the exact duplicate footprint.

ICDD Westman responded that the footprint is not changing at this time.

PUBLIC COMMENT

Paul Bach, President of the Scotts Valley Responsible Local Development Political Action Committee (SVLRDPAC), spoke in opposition to the Gateway South Retail Project Supplemental Environmental Impact Report (SEIR) and stated that he does not see the necessity to extend the comment period for 45 days, because he feels it is too difficult to comment without answers to questions such as: what kind of store will it be, what does the traffic look like, what is the environmental impact, and what is the economic impact. He stated that the project needs to halt at this point if it is not specific to Target, and if necessary, he will pursue that legally to see that it is done. He stated that the City cannot ask the citizens to respond to an environmental report when the data is not available from the City or the applicant.

Frank Kertai, SV resident and President of the Heritage Parks Homeowners Association, read the attached letter (Attachment A) regarding the Gateway South Retail Project Supplemental Environmental Impact Report (SEIR).

Les Dittert, SV resident, commented regarding the Gateway South Retail Project Supplemental Environmental Impact Report and stated that he would have appreciated knowing about the extension earlier in the day. He stated that he does not feel he can provide new comments without more information, and the comments he submitted today are no longer valid with so many unanswered questions.

Kris Miller, SV resident, stated that he recently received a letter from his insurance company stating that they will not be renewing his insurance unless he takes specific actions. He stated that the letter references the wildfires that have affected California this last year and they cite a number of items/requirements that they will require before considering renewing his policy. He stated that he wanted to notify the Council because the letter he received was a generic form letter, and it may impact a number of residents in Scotts Valley.

Adrienne Brackett, Manana Woods resident, spoke in opposition to a retail store being constructed on the Gateway South site due to traffic, noise, environmental impacts, and negative impacts to real estate values.

Mayor Johnson stated that the City has in the past, and will continue, to fairly and objectively process applications.

VM Reed asked CA Powell if the City has the ability to legally stop this process.

CA Powell responded that the City has the ability, after reviewing all the comments and evaluating the document, of determining that additional studies need to be completed. She stated that at the end of this 45 day period, that is what staff will be doing, and at that time, if additional work needs to be done and the applicant refuses to do the work, the process could be stopped. However, until the end of this 45 day period the City cannot make that determination.

CM Bustichi questioned the necessity to extend the comment period an additional 45 days if there are so many unanswered questions.

CA Powell responded that this is new information that the public should be aware of, and they should have an opportunity to comment on this change. She stated that at the end of the 45 days, staff will evaluate all of the comments, and the document as a whole, to determine if more studies need to be done.

**ALTERATIONS TO
CONSENT AGENDA**

***M/S: Aguilar/Bustichi
To approve the Consent Agenda.
Carried 5/0***

Consent Agenda:

- A. Approve Joint City Council/RDA meeting minutes of 10-21-09
- B. Approve check register – 10-20-09
- C. Approve second reading and adoption of Ordinance No. 183 approving the entering into by the City of Scotts Valley with the Redevelopment Agency of the City of Scotts Valley of a lease agreement in connection with financing the acquisition and improvement of a public library
- D. Approve Resolution No. 1749.6 approving the final map for The Meadow at Falcon Ridge, Green Hills Road, APN's 024-211-01 and 024-211-02

**ALTERATIONS TO
REGULAR AGENDA**

***M/S: Aguilar/Reed
To approve the Regular Agenda.
Carried 5/0***

REGULAR AGENDA

1. **Consideration of non-collection of fees for use of the Scotts Valley Community Center for a benefit event**

CM Ando presented the written staff report and responded to questions from Council.

Reverend Bonnie Bell, Chair of Montevelle Chorale Arrangements Committee, spoke in favor of the City Council approving the non-collection of fees.

***M/S: Bustichi/Aguilar
To approve the non-collection of fees for use of the Scotts Valley Community Center for a benefit event due to services provided by Volunteer Centers to the citizens of Scotts Valley.
Carried 5/0***

PUBLIC HEARINGS

2. **Consideration of resolutions by the City of Scotts Valley and the Scotts Valley Redevelopment Agency approving the issuance, sale, and delivery of Agency's lease revenue bonds, approving as to form and authorizing execution and delivery of certain documents in connection with the sale and issuance of such bonds, approving payment by the Agency for value of land and cost of installing and constructing a public library, and authorizing certain other related matters, and consideration of resolution by the Public Financing Authority approving execution and delivery of a bond purchase agreement in connection with lease revenue bonds**

CM Ando presented the written staff report and responded to questions from Council.

PUBLIC HEARING OPENED - 7:12 PM

No one came forward.

PUBLIC HEARING CLOSED - 7:12 PM

M/S: Aguilar/Reed

To approve Resolution No. 1831.1 a resolution of the City of Scotts Valley, approving the issuance, sale and delivery by the Redevelopment Agency of the City of Scotts Valley of the Agency's lease revenue bonds, Series 2009A and the Agency's lease revenue bonds, Series 2009B (taxable), approving as to form and authorizing the execution and delivery of certain documents in connection with the sale and issuance of such bonds, approving payment by the Redevelopment Agency of the City of Scotts Valley for the value of the land and for the cost of installing and constructing a public library, and authorizing certain other related matters.

Carried 5/0

M/S: Aguilar/Reed

To approve Resolution No. CRA 98-1 a resolution of the Redevelopment Agency of the City of Scotts Valley approving the issuance, sale and delivery of its lease revenue bonds, Series 2009A and its lease revenue bonds, Series 2009B (taxable), approving as to form and authorizing the execution and delivery of certain documents in connection with the sale and issuance of such bonds, approving payment by the Redevelopment Agency of the City of Scotts Valley for the value of the land and for the cost of installing and constructing a public library and authorizing certain other related matters.

Carried 5/0

M/S: Aguilar/Reed

To approve Resolution No. JPA-35 a resolution of the Scotts Valley Public Financing Authority approving the execution and delivery of a bond purchase agreement in connection with lease revenue bonds.

Carried 5/0

REGULAR AGENDA
(Resumed)

3. Future Council/RDA agenda items

None.

ADJOURNMENT

The meeting adjourned at 7:15 p.m.

Approved:


Randy Johnson, Mayor / Chair

Attest:


Tracy A. Ferrara, City Clerk / Secretary

Good Evening. My name is Frank Kertai. I am a resident of Scotts Valley and President of the Heritage Parks Association.

Today was the deadline for submitting public comments regarding the Scotts Valley Gateway South Retail Project Supplemental Environmental Impact Report (SEIR).

Everything about this proposed project is big – **and off target**. Here are just a few of the staggering project statistics:

- **25% increase in retail space** for entire city of Scotts Valley (by comparison, the Town Center represents a 50% increase)
- **one third bigger than Costco in Santa Cruz**
- **40% deficient in parking** – over 213 spaces short during holidays
- **50% cumulative increase in traffic** with already approved Town Center (Over 1,000 cars per peak hour, approximately 10,000 additional car trips per day, on average on the third most highly traveled route in the county)
- **90% building coverage variance** (151,0000 to 282,650 sq. ft) to the Gateway South Specific Plan

The SEIR concludes that there are eight significant, unavoidable impacts even after mitigation -- all traffic related. What the SEIR fails to address is the **timing** of these mitigations. Once approved, the Target project would likely be completed within 14 months. **The SEIR fails to address when the mitigations would be completed. It also fails to estimate the costs of the mitigations and this project's fair share of those costs.**

Additionally, the final traffic report for this project is fatally flawed. It fails to follow the city's own Guidelines for preparing Traffic Impact Studies (TIS). The Target TIS traffic counts are more than two years old and completely ignore analyzing impacts to the Granite Creek Hwy 17 on/off ramp as well as a number of intersections on Mt. Hermon Road. Traffic impacts from the Target project are comparable to the Town Center project, whose TIS evaluated traffic impacts on the entire city. Even though Target is the single largest stand alone retail project ever proposed for this city and has regional impacts, only eight intersections were evaluated. The additional car trips per day are equivalent to the entire population of Scotts Valley travelling on La Madrona Drive, a two lane country road.

The traffic impacts effectively separate the southern most portion of the city from the rest of Scotts Valley. Significantly, the planned parking would be over 213 spaces short during the holiday season – a 40% deficient. And Target's own development guide recommends 572 spaces for this size retail store, 55 more than planned.

City approvals would be required to permit an increase in building coverage from 151,000 sq. ft. to 282,650 sq. ft. – a variance of nearly **90%**! And how is this to be achieved? Building plans skirt the city's "**responsible hillside development**" policy by cutting and blasting into the hillside, inserting 32 foot high retaining walls, front filling the parcel on concrete pads 26 feet above La Madrona resulting in a Target logo towering 100 feet above Hwy 17, three times higher than the city building limit.

The following footnote was buried in the hundreds of pages of SEIR documents:

1 As plans for the proposed project are not final and engineering calculations have not been completed, an additional 20,000 square feet would be added onto the proposed square footage to eliminate possible additional amendment requests.

This clearly shows that this proposed retail project has been submitted with an **unstable project description**. If in fact 20,000 additional square feet could be added to the project at will, then many, if not all, of the environmental analysis performed in the review of this project is insufficient. The traffic impacts alone would be greatly understated.

And these are just the environmental impacts. What about economic impacts?

The city commissioned an Economic Impact Study for this project by Gruen + Gruen Associates. A primary purpose of this study was to analyze the likely fiscal and economic impacts of the operation of the Target store. This study fails miserably. It is such speculative work that it effectively is a **puff piece** which this city council can point to and say that this project will have positive economic benefit to the city.

The Gruen economic study is full of unspoken assumptions and fails to analyze such basics as the initial and on-going infrastructure costs that would result from approval and construction of this project. **In fact, you cannot find the words "pave" or "repair" anywhere in the document.** The report estimates that the net annual sales tax revenue to the city would be approximately \$500k. This is pure speculation. What the report fails to do is to analyze the real net economic impact on the city.

A 2004 study commissioned by the Bay Area Economic Forum, a partnership of the Bay Area Council and the Association Bay Area of Governments, titled "Superstores and the Transformation of the Bay Area Grocery Industry: *Issues, Trends, and Impacts*" examined the *actual* impacts, after the fact, of superstores like this proposed Target project.

This study performed a **rigorous economic study of the impacts** of superstores such as Target and Walmart on both local governments and local economies. **They examined these impacts over a multi-year study period for 12 Bay Area counties and 116 municipalities. The study concluded that Superstores like Target bring no new net sales-tax revenue to the municipality where it locates.**

How would the impact of a Target Superstore on Scotts Valley differ from 116 other municipalities? The short answer is it would not. This finding should be sobering for existing retailers in Scotts Valley and should have policy implications for this city council in regards to the already approved Town Center Plan.

Respectfully,

Frank Z. Kertai