

# CITY OF NEWPORT BEACH

**City Council Minutes  
Special Meeting/Joint Meeting of the  
City Council and Finance Committee  
March 24, 2015**

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**I. ROLL CALL - 3:30 p.m.**

Present: Finance Committee Member Dixon, Finance Committee Member Tucker, Finance Committee Member Warner, Finance Committee Chair Curry  
Present: Council Member Peotter, Council Member Curry, Council Member Duffield, Council Member Muldoon, Mayor Pro Tem Dixon, Mayor Selich  
Absent: Council Member/Finance Committee Member Petros (excused), Finance Committee Member McCullough (excused), Finance Committee Member Wu (excused)

**II. CURRENT BUSINESS**

**1. "Early Look" at the Capital Improvement Program (CIP) (Part 2) [100-2015]**

Public Works Director Webb provided a PowerPoint presentation, addressing the background and funding.

In reply to Mayor Selich's questions, Public Works Director Webb explained the proposed funding amount for Neighborhood Enhancement District A, noting that nothing has been programmed into the budget yet. He addressed suggestions to possibly reduce funding or defer project costs, and recommendations for the Balboa Island Seawall Rehabilitation and the Corona del Mar Fire Station and Branch Library Replacement. Fire Chief Poster reported conducting research on the fire station location placement and indicated that other sites were considered, but they would directly impact the Fire Department's response times in the area. He commented on the long-range solution for the service hole in Newport Coast and believed that there is not another Fire Station included in the Facilities Financing Plan (FFP).

Public Works Director Webb discussed suggestions to possibly reduce funding or defer project costs, and recommendations for the Lido Fire Station Replacement. City Manager Kiff noted that the proposed move for the Lido Fire Station will be near its current location. Chief Poster addressed the usage and demand for the Lido Fire Station, and noted that it is the busiest fire station in the City.

Public Works Director Webb further discussed suggestions to possibly reduce funding or defer project costs, and recommendations for the Superior Avenue and Pacific Coast Highway Pedestrian/Cyclist Over-Crossings. Finance Committee Member Tucker asked whether staff would still consider a bridge over Superior Avenue if there were a parking lot at Sunset Ridge Park. Public Works Director Webb indicated that it would play into a long-term route and increases safety in the area.

Public Works Director Webb addressed the Balboa Village Citizens Advisory Panel Improvements and the Big Canyon Water Quality Improvements and Habitat Restoration Project, reporting that there is approximately \$3 million programmed in this year's budget for the Big Canyon project, but there is a shortfall of approximately \$10 million. He added that there are a lot of habitat issues that need to be dealt with. He noted that the boundaries shown in the presentation represent the Big Canyon Watershed.

Council Member Curry reported that he lives within the watershed, but not near the project area. City Attorney Harp advised that he does not have a conflict of interest.

Public Works Director Webb explained that the City received a grant from the Orange County Transportation Authority (OCTA) to address roadway runoff, as well as a settlement that must be used in the area, and an estimate from the Irvine Ranch Conservancy (IRC) to do additional habitat restoration. He provided details regarding the \$1.4 million received in the settlement. City Manager Kiff noted that the \$10 million represents the end product, including all restoration and potential trail improvements. He stated that details will be presented to Council in the future. He also added that the habitat restoration is always optional and suggested that it be prioritized only when funding becomes available. He emphasized that the water quality portion of the project is mandated and that the \$3 million covers most of the water quality component.

In response to Mayor Pro Tem Dixon's question, Public Works Director Webb confirmed that grant funding has been received for the water quality portion of the project and clarified that the remaining funds would be used to conduct downstream habitat restoration. He noted that the City could have other organizations do the habitat restoration part of the project.

Council Member Duffield requested and received confirmation from Public Works Director Webb that this area is in a 100-year flood plain and noted that natural habitat will grow back, but there are currently a lot of invasive plants that need to be removed.

Public Works Director Webb addressed the Corona del Mar Entryway Improvements Project and confirmed that the project would impact parking on MacArthur Boulevard. He noted that the project would remove eight parking spaces on Pacific Coast Highway, but will replace them elsewhere.

Regarding the Semeniuk Slough Dredging project, Public Works Director Webb addressed the dredging technique and possible locations to move the dredged material.

Regarding the West Coast Highway Landscape Rehabilitation Project, Deputy Public Works Director Vukojevic provided a status update on the design plans, noting that the project may be ready to go out to bid this summer.

Public Works Director Webb addressed the West Newport Community Center. Recreation and Senior Services Director Detweiler addressed programming and amenities for the new center. Recreation and Senior Services Director Detweiler also discussed challenges relative to permanently eliminating existing tennis courts and converting them to pickleball courts and discussed staff's considerations. She confirmed that staff is looking into installing some on the west side of the City. Finance Committee Member Warner noted that the Big Canyon Country Club has courts that can be used for both tennis and pickleball.

In response to Finance Committee Member Warner's questions, Recreation and Senior Services Director Detweiler discussed the gymnasium near the West Newport Community Center. Finance Committee Member Warner suggested building two gymnasiums rather than a swimming pool.

Discussion ensued regarding possibilities for the existing West Newport Community Center and options for reducing the scope of the project. Recreation and Senior Services Director Detweiler noted that pools are very important to the community.

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Discussion continued regarding the lease agreement with the private school, options to sell, the sale proceeds going towards construction costs, whether there is an estimate of what the property is worth, and trying to get a better utilization of the Utilities Yard in order to keep surface parking.

In response to Council Member Duffield's question, City Manager Kiff stated that, if everything is removed from the Utilities Yard site, except for the water treatment and reservoir, housing could be developed and leased at that location. However, staff would need to determine if there are any deed restrictions on the property.

Finance Committee Member Warner asked regarding an estimate of the additional overhead to operate the facility. City Manager Kiff reported that the City currently is in a net profit position in terms of the lease to the private school. Recreation and Senior Services Director Detweiler added that many of the City facilities have a 40-50% cost recovery.

Finance Committee Member Tucker believed that it would be a good idea to design the facility so that it can be added to later and can be easily expanded.

Council Member Curry noted that West Newport needs good facilities and stated that it needs to be done correctly, usable, and something that the City can be proud of.

Council Member Peotter asked regarding only allowing Newport Beach residents use of the community center. Recreation and Senior Services Director Detweiler indicated that doing so would be a Council decision, but that no other City facility has that restriction. She noted that the City normally charges a higher non-resident rate for City programs. Mayor Selich noted that the City of San Marino tried to have resident-only parks, but the attempt backfired.

City Manager Kiff suggested that the City of Costa Mesa might be interested in contributing to the funding of the proposed community site if they could use it. Mayor Pro Tem Dixon concurred that a mutual benefit agreement with Costa Mesa might be possible. Public Works Director Webb reported on the project's next steps and noted that it still needs to be submitted to the Coastal Commission for approval.

Regarding the Balboa Boulevard Landscape Improvements Project, Mayor Pro Tem Dixon pointed out the importance of this project, but supports deferring it for two or three years.

Public Works Director Webb addressed the Balboa Village Fine Arts Center and expressed concerns that the whole City is not in support of the project.

Council Member Muldoon asked regarding the fair market value of the property and City Manager Kiff stated that staff has not been instructed to conduct an appraisal. Discussion followed regarding the price paid for the property and its zoning.

Mayor Pro Tem Dixon stated that she supports a continued community use of the property, but also a free market in helping to make the decision about selling the property. She expressed support for putting the property on the market, but to creatively analyze its sale by assigning points if a buyer proposes community-supported uses.

In response to Council Member Duffield's questions, Public Works Director Webb reported that the property is approximately 6,000 square feet and backs up to a small alley with a hotel on the other side of the alley.

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Public Works Director Webb addressed the Corona del Mar Traffic By-Pass Project, consolidation of City Corporate Yards, and development of a future dog park.

Regarding a future dog park, discussion ensued regarding the cost, the reason for the high cost, other potential locations, and parking. Mayor Selich believed that \$1.6 million for a dog park is a misnomer since the project involves other amenities. He added that the cost just for the dog park should be calculated.

Regarding the Lower Castaways Park Project, Council Member Muldoon asked whether the concept includes a paved parking lot and stated that he would like to see something that conforms more to the natural parking environment, such as gravel or dirt. Council Member Duffield commented on the property being a Marine Protected Area (MPA), but suggested allowing small crafts to be launched and retrieved under the bridge. He suggested looking at inexpensive ways to improve the property so it can be used sooner than later.

Public Works Director Webb addressed the Newport Pier Building Rehabilitation and commented on a preliminary Request for Proposal (RFP). Mayor Pro Tem Dixon noted that the Pier needs rehabilitation, the highest priority is to keep the area clean, and added that she would like to see something there that would produce revenue for the City.

In response to Council Member Peotter's questions, Public Works Director Webb commented on the possibility of having a tenant build a shell, do tenant improvements, and having a revenue-sharing lease rather than a fixed lease. Additionally, he provided an estimate for repairing the Pier.

Mayor Selich reported that a Coastal Development Permit (CDP) would be needed to demolish the building and suggested going before the Coastal Commission with a plan that includes both the demolishing of the existing building and the building of the new one.

Brief discussion followed regarding proposals received so far and ensuring that the pilings and structure are stable.

Public Works Director Webb addressed Newport Boulevard Landscaping. Mayor Pro Tem Dixon suggested pushing the project several more years.

City Manager Kiff presented a list of projects that will be moved forward but for which grants will be sought, projects that will be done as soon as funds become available, and projects for which staff recommends no further pursuit.

In response to Mayor Pro Tem Dixon's question, City Manager Kiff noted that, with the elimination of the Fine Arts Center, the City may pursue some projects in the FFP earlier. He believed that the biggest benefit would be, if the property is sold, the money could be used towards one of the projects that has yet to be funded.

Mike Johnson expressed concerns regarding accidents and injuries occurring at the intersection of Superior Avenue and Coast Highway, and commented regarding prioritizing parking for Sunset Ridge Park.

Ralph Rodheim stated that one pool at the West Newport Community Center is not adequate and that pools in the City are used early in the morning and late at night. Regarding Balboa Village, he stated that Council has an opportunity to take the lead and suggested that Council

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consider parking, a shuttle system, and the fate of the Balboa Theater. He suggested keeping some of the money in Balboa Village. Additionally, he recommended that the City consider installing a plaque or some sort of recognition for all the residents who supported the Balboa Theater.

Bernie Svalstad, Corona del Mar BID, provided a background regarding the Corona del Mar Entryway Project. He asked that the City come up with \$400,000 for the project, and believed it was unfair to ask the Corona del Mar BID to contribute 50%. He urged the City to complete the project this year.

W. R. Dildine believed that the Balboa Village area is going downhill, even though businesses are trying to improve the area. He expressed support for the City selling the Theater.

Kennie Jo Rizzo addressed the need for better parking in the West Newport area and commented positively on the plans for a new Community Center. She suggested building two pools and getting help with fundraising from people and organizations that would use the pools. She pointed out that this community is built around water. She expressed hope that the City will consider selling the Theater property.

Jim Mosher believed that it would have been more helpful to provide a report about how the budget approval process works. He commented on the role of the Finance Committee and the requirement for them to provide a written recommendation relative to the budget. Additionally, he stated that he was unable to find the Gas Tax Fund in the document and wondered about the "Proposed Amount" column. He discussed the Semeniuk Slough and suggested collecting data to inform residents regarding decisions about Public Works projects.

Gina Lesley discussed the Newport Shores Swim Team and expressed the need for a City pool. She addressed the Semeniuk Slough, noting that it was promised more than 10 years ago, that Hoag Hospital had provided \$400,000 for the project, and that the U.S. Army Corps of Engineers already did their part on the project. She indicated that she is upset that the City may not do it. Additionally, she addressed the West Newport Landscaping Project and pointed out that the area is an entry to the City.

Council Member Curry commented on the need to give direction. City Manager Kiff noted that the matter will be presented to Council during a regular evening session.

Council Member Peotter reported that the next Finance Committee meeting is scheduled for April 16, 2015, and suggested having them meet on April 2, 2015 to review the FFP only and develop recommendations to present to Council at the April 14, 2015, City Council meeting.

**III. PUBLIC COMMENTS ON NON-AGENDA ITEMS - None**

**IV. ADJOURNMENT – 5:20 p.m.**

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The agenda for the Adjourned Special Meeting (Joint Meeting with the Finance Committee) was posted on the City's website and on the City Hall Electronic Bulletin Board located in the entrance of the City Council Chambers at 100 Civic Center Drive on March 19, 2015, at 4:00 p.m.

Attest:



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Keith Curry, Chair  
Finance Committee Chair



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Date