

UNOFFICIAL UNTIL APPROVED

REGULAR MEETING OF THE REDEVELOPMENT AGENCY

JANUARY 12, 2004

The Redevelopment Agency of the City of Costa Mesa, California met in a regular meeting on January 12, 2004, in the Neighborhood Community Center, 1845 Park Avenue, Costa Mesa. The meeting was called to order at 6:34 p.m. by Chairperson Steel, who led the Pledge of Allegiance to the Flag.

ROLL CALL Agency Members Present: Chairperson Steel
Vice Chairperson Mansoor
Agency Member Monahan
Agency Member Scheafer

Agency Members Absent: Agency Member Cowan

Officials Present: City Manager Roeder
Executive Director Lamm
Planning & Redevelop Mgr. Robinson
Agency Attorney Wood
Management Analyst Veturis
Management Analyst Penalosa

POSTING The Redevelopment Agency meeting agenda was posted at the City Council Chambers, Post Office, Mesa Verde Library and Neighborhood Community Center on Thursday, January 8, 2004.

MINUTES On a motion by Chairperson Steel, seconded by Agency Member Mansoor, and carried 4-0, the minutes of November 10, 2003, were approved as written.

OLD BUSINESS None

NEW BUSINESS

Appointment of Redevelopment and Residential Rehabilitation (3R) Committee Members Management Analyst Penalosa summarized the RDA report and asked that the Agency consider reappointing existing members and appointing two of the four applicants to vacant alternate positions.

Agency Member Monahan asked a couple questions regarding page 5 of the staff report, the member roster and Attachment C, page 14 the 3R Attendance Record for 2003. He noted that Committee Member Christine Brooks missed both meetings of the year. Management Analyst Penalosa was asked to draft a letter asking Ms. Brooks if she was still interested in serving on the 3R Committee. Ms. Penalosa responded that such a letter was sent out after the last meeting in 2003. Ms. Brooks had indicated that she was still interested in serving on the Committee and would be coming to meetings in 2004. Agency Member Monahan expressed the same concern on the attendance of Committee Member Marie Gilliam, who missed three meetings in a row. Ms. Penalosa was not sure if Ms. Gilliam had been contacted, but and stated that she would check.

Agency Member Monahan expressed concern that of the 2 meetings of the 3R Committee, these two members missed both. He requested that a letter be sent asking that both Committee Members make a very strong commitment, as they technically missed an entire year and lack of attendance does not help the Committee. The second question was regarding Committee Member James Fislser's membership on the Committee, as he is also a Parks & Recreation Commission Member. He expressed a concern regarding Commission Members serving as City Committee Members. Agency Member Monahan thought this would be a conflict, and asked that Mr. Fislser be contacted regarding his continued interest to serve on the 3R Committee. He further asked that the question

of conflict be researched in the Committee/Commissions Handbook. To that end, he would like the aforementioned 3R Committee Members to be contacted prior to the next RDA meeting. Ms. Penalosa clarified that she is being requested to come back with a report for the next RDA meeting. Agency Monahan confirmed that there should be a new report on the status of the 3R Committee.

Chairperson Steel asked if there were any other questions or comments from Agency Members on this issue. There were none.

PUBLIC COMMENT

Martin Millard, 2973 Harbor Blvd. #264, Costa Mesa, 92626, spoke as an alternate member of the 3R Committee. He expressed concern that "new blood" move up to regular status. He also expressed concern that a regular member of the committee is also on the board of a local charity. He suggested that any member of the committee reveal on their Committee Interest Forms if they serve on any nonprofit charity boards.

Robert Graham, 3260 Dakota Avenue, Costa Mesa, wished to speak on the 19th Street corridor. Chairperson Steel reminded him that the Agency was not on that issue yet, and that if he wanted to speak on the 3R Committee appointments, he could do so at this time.

MOTION

Agency Member Monahan made a motion to approve the appointment of existing Committee Members, Chairperson Steel seconded the motion.

Approved Carried

The motion passed 4-0.

MOTION

Agency Member Monahan made a motion to appoint Ashleigh Aitken-Penn and Lysa Marie Ray as alternates, Chairperson Steel seconded the motion.

SUBSTITUTE MOTION

Vice Chairperson Mansoor made a substitute motion to appoint Sam Clark and Lysa Marie Ray as alternates, Chairperson Steel seconded the motion.

Agency Member Monahan reminded Chairperson Steel that he needed to withdraw his second of the first motion if he wanted to second the substitute motion. Chairperson Steel withdrew his second of the first motion in support of the substitute motion.

SUBSTITUTE MOTION

Approved Carried

The motion passed 4-0.

Potential West 19th Street Expansion to Downtown Redevelopment Project Area

Planning and Redevelopment Manager Robinson and Management Analyst Veturis gave a PowerPoint presentation based on the actions that took place at the RDA meeting of October 13, 2003. The Redevelopment Agency, at that meeting, rejected the proposed addition of the 434 acres of expansion to the Redevelopment Project area, and directed staff to return with a potential west 19th Street corridor expansion.

In following the Agency's direction, Alfred Gobar Associates (AGA) was contacted to prepare the 19th Street Analysis. Ms. Veturis gave an overview of the expanded project area boundaries, and the pros and cons of this proposed expansion.

Mr. Robinson gave an overview of the alternatives to the proposed Redevelopment Project Area Expansion, which included:

- Alternative 1 - Economic Development Strategy
- Alternative 2 - Overlay Zone
- Alternative 3 - Specific Plan
- Option 1- Move Forward Now
- Option 2 - Defer Consideration
- Option 3 - Terminate Action

He further spoke about the project timing. Mr. Robinson asked that the Agency provide staff and if necessary, the Planning Commission direction regarding the West 19th Street expansion of the Redevelopment Area or any alternative improvement options the Agency would like to see.

Mr. Alonzo Pedrin of Alfred Gobar Associates gave a PowerPoint presentation on the economic analysis his firm completed on the West 19th Street corridor.

The analysis included an assessment of Economic Blight Indicators, Adequacy of Commercial Facilities, Business Operating Environment, Demographic Conditions and Overcrowding, Public Safety, Crime and Fiscal Issues. AGA's analysis concluded that there was a prevalence and burden of Economic Blight Indicators. Mr. Pedrin stated that it was the professional opinion of AGA, that the presence of serious economic conditions along the 19th Street corridor is substantial and prevalent enough to constitute an economic burden that is not being reversed or alleviated by the private sector or by the City of Costa Mesa. Mr. Pedrin asked the Agency to take the findings of the analysis into consideration in their decisions tonight. He stated that he was available for any questions of the Agency Members.

Agency Member Monahan asked Mr. Robinson if the Agency had an inclination of moving forward, that basically they would be shifting their comments and direction to the Planning Commission. Mr. Robinson answered yes. Any direction would be given to the Planning Commission to reconsider a new preliminary plan, and new "added territory" boundaries. The Agency further directed staff and Urban Futures to do the necessary work to support the designated direction.

Vice Chairperson Mansoor asked Mr. Robinson a question of page 2 of the staff report that states, ...The purpose of the analysis was to determine if conditions exist, which constitute the presence of one or more economic liabilities that cannot be reasonable reversed or alleviated without the use of redevelopment. He asked if a conclusion was arrived at regarding the necessity of redevelopment versus incentives? Mr. Pedrin answered the question. He stated that the use of redevelopment versus incentives is both the same, it is a matter of choice. Incentives would have to be substantial and there would need to be available funding to jump-start the incentive program.

Vice Chairperson Mansoor asked a question about page 3 of the staff report regarding private enterprise. Mr. Pedrin responded, stating that there does not appear to be any private developer support of private enterprise.

Vice Chairperson Mansoor asked another question about page 3 of the staff report. The line of the report that reads, "In short, UFI concluded that it appears that development built to modern standards and user preference would require the consolidation of several parcels to create larger development sites". The question was, "Are incentives enough to get us there, or is it going to need eminent domain?" Mr. Robinson answered that there has been some attempt at incentives, but they have not been successful in this commercial area. However, they have had some success in the residential areas. Vice Chairperson Mansoor asked if the City was more successful in some of the residential areas on a larger scale, if that would change things for the 19th Street commercial area due to the

upgrade of the residential areas? Mr. Robinson answered that if the demographics changed from the disproportionate number of lower income households that would possibly improve the potential for commercial development. Mr. Pedrin clarified the question stating that if there is improvement of the housing stock and the occupants of that housing stock, that it would improve the 19th Street commercial area. He answered that it would, however, take a substantial change of a consumer base, for that to occur.

Vice Chairperson Mansoor asked another question about page 4 the staff report regarding the use of Redevelopment funds for infrastructure repair, like drainage issues on the Westside. If it was possible to re-draw some Redevelopment lines to include just 19th Street, and how would the funds be obtained to just repair 19th Street. Mr. Robinson stated that he has not seen the final draft of the Storm Drain Master Plan updates, but did acknowledge the 19th Street drainage problems. Vice Chairperson Mansoor asked that if the Agency did move forward with 19th Street as a redevelopment area, could the money be used for other areas of the Westside? Richard Tilberg of Urban Futures responded that if the City expands other areas into the 19th Street corridor as part of the Redevelopment Expansion, then the City could use Redevelopment funding, but would need to make a finding of blight in all areas included.

Vice Chairperson Mansoor asked the true figure of tax increment projects the City can expect, \$24,064,379 or \$10,141,088. Mr. Richard Tilberg of Urban Futures responded that the \$10,141,088 figure assumed a 2.85% growth rate over 45 years - the rate this area has been experiencing. The \$24,064,379 figure assumes a 5% value increase based on increases in the City as a whole over the last 10 years, with a Redevelopment Project Area and an aggressive program. This is based on current trends and a projection over 45 years. Vice Chairperson Mansoor asked if the tax increment generated just from 19th Street only would be enough to complete infrastructure repair. Mr. Tilberg stated that although it is a relatively small area, it is projected to generate \$24,064,379 over the project period.

Executive Director Lamm asked Vice Chairperson Mansoor to look at pages 69 & 70. The last column explains actual dollars. Page 69 is the 2.85% growth and page 70 is the 5% growth. To be generous, work with page 70 and look at last column, if the project is adopted next year the first year income is \$18,000 and Mr. Lamm explained what the amounts would be for subsequent years. Mr. Lamm explained that the first 5 years would be paying the administrative costs of starting the program, not beginning the redevelopment work. Mr. Lamm explained the pros of obtaining eminent domain.

Vice Chairperson Mansoor asked if with all of the current infrastructure projects being done on the Westside, if this potential tax increment could be used towards those projects, then what would approving this plan do? He also asked about the 20% residential set-aside funds. Mr. Lamm explained that out of the total tax increment funds received, 20% must be used for affordable housing anywhere in the City. Mr. Mansoor asked a question about the "Demonstration Block". Mr. Lamm explained that the Demonstration Block Project was completed under the Federal HUD Community Development Block Grant Program.

Vice Chairperson Mansoor spoke about page 74 of the report that mentions the current land use element of the 2000 General Plan, Section LU-1A.6 that discourages the development of multiple units on long narrow parcels. Mr. Lamm answered that that is a very general policy and it could be looked at again at the time of the annual review of the General Plan.

Vice Chairperson Mansoor began to give examples of housing developments on the Westside that are examples of good developments. He then asked Mr. Lamm if they could be used to encourage other potential developers to create similar projects on the Westside? Mr. Lamm responded that the Agency was only asked to consider the West 19th Street business corridor. Vice Chairperson Mansoor indicated that he would like to discuss this at a future meeting and Mr. Lamm responded that this topic could be discussed at a future City Council Study Session.

Chairperson Steel stated that he believes that the Westside certainly does have problems with blight and that he agrees that the City Council should discuss this at a future study session. He then asked a question of Mr. Robinson about page 6 of the staff report under Project Timing. Chairperson Steel stated that although he would like to move forward, he would like to defer moving forward until the WROC report is given to the Agency. Mr. Robinson responded that the initial work that Urban Futures did on the blight indicators is becoming outdated, and as the Agency moves forward, it may have to be re-studied and re-analyzed.

Chairperson Steel asked for confirmation that outside of the study that Urban Futures did on blight, the rest of the report could be used after they receive the recommendation from WROC. Mr. Robinson responded that that was an option.

Agency Member Monahan mentioned that at the December 10, 2003, WROC meeting, the Committee did not reach a consensus to forward a recommendation to the Agency, and is the Committee using a formal voting system or a consensus system? Mr. Robinson responded that many decisions could be made on a simple majority voting basis, but to forward any recommendations, they must be made on a consensus format. Agency Member Monahan asked Mr. Robinson that if the Agency decided to move forward tonight, what the time frame would be for anything to get to the Planning Commission? Mr. Robinson responded that they would need to discuss the Urban Futures report and Scope of Work and that it may take 3 to 6 months. Agency Member Monahan stated that he thought that during that time the WROC Committee would have enough time to meet and come forward with any recommendations they may have.

Agency Member Monahan complimented Mr. Pedrin on his report and then asked him if he thought Redevelopment would be an effective tool as the Agency tries to revitalize the West 19th Street corridor. Mr. Pedrin responded that Redevelopment could in fact be an effective tool.

Agency Member Monahan asked to confirm with Mr. Robinson who deferred the answer to Mr. Pedrin that the most valuable incentive to businesses would be increased density.

Agency Member Monahan asked Mr. Lamm about cash being available to acquire properties as the Agency moves along. Mr. Lamm responded that action now would benefit future generations, as it takes several years for the cash flow to become meaningful dollars that someone can spend to do major projects. Agency Member Monahan spoke of eminent domain as a tool for negotiation with property owners holding out, preventing a major development. Mr. Lamm responded that eminent domain has worked in other cities, but there are circumstances that does sometimes make using eminent domain very costly. It can be one tool, but not the only one that will work for redevelopment to move forward.

Vice Chairperson Mansoor asked Mr. Lamm when the incentives discussed at the October 13, 2003 Council Study Session could come back to the City Council for a vote? Mr. Lamm responded that by March staff could prepare a "laundry list" for the City Council to provide their direction to staff. Vice Chair Mansoor asked Mr. Pedrin a question about Chapter 1, page 3 of his report regarding Adequacy of Commercial

Facilities, as to whose needs are they meeting? Mr. Pedrin stated that even though the consumer base is considered lower income, their volume of sales should be higher. Vice Chairperson Mansoor asked Mr. Pedrin about Chapter 1 page 7 of his report about blight. Mr. Pedrin responded that the individual property owners could only improve their properties as their income allows. Some property owners have leases to individual businesses that could be pressured to improve their appearances.

Vice Chairperson Mansoor asked Mr. Pedrin a question about Chapter 2, page 2 of his report. Mr. Pedrin responded that his evaluation of the market is based on the "last in" test.

Agency Member Monahan asked if economic incentives could apply to properties of West 19th Street or Westside as a whole regardless if the Agency cuts out an area for an expanded Redevelopment area. Mr. Lamm responded that this was correct.

Agency Member Monahan asked Mr. Pedrin a question about the West 19th Street corridor failing, compared to the City as a whole. Mr. Pedrin responded that the Agency is dealing with an "anemic commercial corridor".

Agency Member Scheafer asked Mr. Pedrin a question about page 30 of his report regarding rents per square foot on the Westside. He asked if they were the retail establishments or eateries. Mr. Pedrin responded that it was based on the retail businesses and sales performance of businesses on the West 19th Street corridor.

Agency Member Monahan commented on the same issue, that the rents are not just based on the exposure of the business, but also demographics and other indicators.

**PUBLIC
COMMENT**

Robert Graham, 3260 Dakota Avenue, Costa Mesa, spoke on the SARX study regarding traffic on West 19th Street. It didn't address the 19th Street bridge to Huntington Beach. He felt no connection with Huntington Beach is a problem for the businesses on West 19th Street.

Martin Millard, 2973 Harbor Blvd. #264, Costa Mesa, 92626, spoke as a member of the International Conference of Shopping Centers. He complimented Urban Futures and Alfred Gobar and Associates on their report. He felt that the City does need redevelopment but that without eminent domain, it makes no sense. He stated that if the Westside is going to have a major supermarket, they need to redesign the shopping center on 19th and Placentia. He also stated that the City needs to improve the demographics and that there should be more expensive homes on the bluffs.

Chairperson Steel asked if the re-zone of the bluffs is still an option. Mr. Lamm stated that Chairperson Steel had asked the WROC to make a recommendation on that, and it was still with the WROC to decide.

Phil Morello, P.O. Box 10487, Costa Mesa, 92627, thanked the Agency for reappointing him to the 3R Committee. He asked a question about undesirable uses, such as the Soup Kitchen, or places that sell alcohol. He also spoke about how important the traffic count is as compared to the rest of the City. He asked a question about the Police and Fire calls in the "blue area". Mr. Pedrin responded that it was based on police data of reporting districts, whereas, fire used address specific data. He felt that the downzoning of the Westside has caused some of the "anemic" condition of the businesses.

Michael McQueeney, 2338 Paseo Circulo, Tustin, 92782, representing a majority ownership of the Vista Shopping Center at 19th and Placentia, stated that his stepfamily has owned the property since 1956. They use to serve a population of 80% white, now it is 20% white and 80% Hispanic according to a recent survey and have adapted to the community. They have tried to keep the Center in good shape and are 100% occupied. They are in negotiations with a national chain restaurant and he is putting in his own 5,500 sq. ft., state-of-the-art, Laundromat at that location. There are 5 major entities that have an interest in the Vista Shopping Center.

Mike Connelly, 820 West 19th Street, Costa Mesa, 92627, owner of the Avalon Bar, stated that they have had a great 6 months. He has clients coming from all over California based on word of mouth, for his style of business. He stated that he took a blighted business and fixed it up. He also stated that eminent domain may be a tool to help redevelop the area and that there are expensive homes on the Westside around the \$500,000 price range, and although the lowest in the City, it does show a area of higher demographics.

Chris Eric, 1825 Placentia Avenue, Costa Mesa, 92627, as a member of WROC is concerned about traffic flow on West 19th Street. He asked that if there are more businesses on West 19th Street, is traffic going to use Placentia Avenue? He stated that access to the businesses needs to be discussed.

Bill Turpit, 1772 Kenwood Place, Costa Mesa, 92627, Vice-Chair of the WROC asked on the Committee's behalf, that the Agency not postpone their decision on the expanded downtown redevelopment project area. He stated that WROC hasn't discussed the potential expanded project area yet.

Kathleen Eric, 1825 Placentia Avenue, Costa Mesa, 92627, stated that the City does need redevelopment and that the WROC is now using the voting system, not the consensus system as stated by Mr. Robinson earlier.

Bill Turpit, commented that the WROC did not want the Agency and the WROC working at odds, but instead working together.

Chairperson Steel asked to confirm that if the Agency defers a decision for a month or two that the WROC would be coming in with their recommendation. Mr. Turpit responded that they didn't have a recommendation yet, but they are working on goals and objectives in subcommittees and did not want the Agency to postpone their decision to wait for the WROC recommendation.

Dan Bradley, co-owner of Detroit Bar, Memphis Cafe and another location at the artist village in Santa Ana, stated that he would like to see an artisan village on the Westside. He talked of the Memphis Cafe location and the artist village in Santa Ana, taking a blighted area and turning it into a creative atmosphere rather than your standard "big box developments". In the West 19th Street commercial corridor, an artisan village would help the industrial and residential to co-exist. Chairperson Steel invited Mr. Bradley to attend a Bristol Street Committee meeting and to give his ideas to the Committee as well as to planning staff.

There being no other speakers, Chairperson Steel closed the Public Comment period.

MOTION

Agency Member Monahan thanked the speakers and Mr. Pedrin for his report that he stated emphasized what he has seen and known for a long time. Agency Member Monahan then made a motion to direct staff and the Planning Commission to take the West 19th Street proposed expansion boundaries (Option 1) and add the south side of the gray area and proceed with the redevelopment plan.

Chairperson Steel seconded the motion.

Agency Member Monahan stated that this would not preclude or interrupt the incentives that Vice Chairperson Mansoor would like to bring to the City Council, this is a separate issue, identifying a commercial zone and looking at further study as the Agency goes to the Planning Commission for a preliminary area. The Agency will look at the proposed project area and decide whether to move forward and the question of eminent domain is something to be considered possibly way down the line. Work by the WROC can be done in conjunction with the Agency so as not to delay progress on the Westside.

Chairperson Steel clarified that the proposed redevelopment study area, as proposed, is the area of 19th Street parallel to Federal and south to include one parcel east of Placentia. Agency Member Monahan confirmed.

Vice Chairperson Mansoor stated that he would support the motion. He did express his concerns with eminent domain. He would like to know what can be done in the area with infrastructure and related incentives and would like to bring those forward as soon as possible.

Agency Member Scheafer stated that he would support the motion as well. He felt that the Westside could be the "downtown" of Costa Mesa. He stated that if eateries do so well on the Westside, that the Agency could encourage major well-known eateries to come and establish locations on the Westside. He would like to see the recommendation of WROC and vote on the incentives.

Chairperson Steel supported the motion and stated that he does not want the WROC to get discouraged because there is a lot of work for them to do with the City Council outside of the Agency as well.

**APPROVED
CARRIED**

The motion passed 5-0.

REPORTS

None

**WARRANT
RESOLUTION
CMRA-318
AND CMRA-319**

On a motion by Chairperson Steel, seconded by Agency Member Scheafer, and carried 5-0, Warrant Resolution CMRA-318 and CMRA-319 were approved.

**ORAL
COMMUNICATION**

Martin Millard, 2973 Harbor Blvd. #264, Costa Mesa, 92626, thanked Agency Member Monahan for his bold and decisive action taken.

**AGENCY MEMBER
COMMENTS
AND SUGGESTIONS**

None

ADJOURN

There being no further business for discussion Chairperson Steel adjourned the meeting at 9:00 p.m.