

UNOFFICIAL UNTIL APPROVED

**REGULAR MEETING OF THE REDEVELOPMENT AGENCY  
AND SPECIAL JOINT MEETING WITH CITY COUNCIL**

**MARCH 12, 2001**

The Redevelopment Agency of the City of Costa Mesa, California, met in a regular meeting on March 12, 2001, in the Council Chambers, City Hall, 77 Fair Drive, Costa Mesa. The meeting was called to order at 4:10 p.m. by Chairperson Monahan, who led the Pledge of Allegiance to the Flag.

**ROLL** Agency Members present: Chairperson Monahan  
Vice Chairperson Dixon  
Agency Member Cowan  
Agency Member Robinson  
(arrived at 4:14 p.m.)  
Agency Member Steel  
(arrived at 4:25 p.m.)

Officials present: City Manager Roeder  
Executive Director Lamm  
Agency Attorney Wood  
Planning & Redevelopment Mgr. Robinson  
Neighborhood Improvement Mgr. Ullman  
Director of Finance Puckett  
Executive Secretary Thompson

**POSTING** The Redevelopment Agency agenda was posted at the Council Chambers and Police Department on Thursday, March 8, 2001.

**MINUTES** On a motion by Agency Member Cowan, seconded by Vice Chairperson Dixon, and carried 3-0 (Agency Members Robinson and Steel absent), the minutes of the regular meeting of February 12, 2001, were approved as written.

**OLD BUSINESS**

**Westside  
Redevelopment** Executive Director Lamm referred to his staff report which outlined the necessary steps to adopt a redevelopment area on the Westside. Redevelopment of the Westside came about during the discussions of the Westside Specific Plan as a tool for financing projects and acquisition of land. He recapped the Redevelopment Agency meeting of February 2001, and reported staff had advised hiring a consultant to provide a preliminary feasibility study to compare the different areas on the Westside with redevelopment law; however, the Redevelopment Agency requested staff first return with the definition of "blight", recommendations for a survey area and five alternatives maps of possible project areas. According to very specific redevelopment law, a project area cannot be adopted without the finding of blight and blighted conditions which must be documented.

He described the graphics attached to the staff report and criteria used to identify the possible seven survey areas. From those survey areas, staff identified five different combinations for project areas. A redevelopment consultant could do a feasibility study for each project area to establish if they meet the requirements of redevelopment law. Such a study would cost between \$12,000 to \$25,000, and require between thirty to sixty days to complete a property-by-property survey. Redevelopment law has changed considerably from when the first downtown redevelopment area was adopted in 1973.

A new ad hoc advisory committee could be formed or comprise of the already existing Redevelopment and Residential Rehabilitation (3R) Committee. The process is dependent upon public participation and the Westside community is eager to move forward with redevelopment. To comply with State law, once a project area is selected, it will be necessary to establish a "project area committee" (PAC) within one-hundred days, and those members must be elected representatives of residential owner-occupants, residential tenants, business owners and existing organizations within the project area. The process will take between eight and twelve months to complete.

Executive Director Lamm addressed Chairperson Monahan's request for clarification of the seven sub areas. He confirmed the consultant would survey each area separately, and recommendations would apply specifically to each area in accordance with redevelopment law. An area to include Fillmore/Coolidge and Joann/Miner could be added; however, housing units can be condemned and acquired outside a project area. Benefits in drawing boundaries around certain areas will be provided by Special Counsel Celeste Stahl Brady, Stradling Yocca Carlson & Rauth, and the consultant. The citizen advisory committee would make such recommendation.

Chairperson Monahan requested clarification of the term "substantial" in relationship to the number of low- moderate-income persons residing within the project area. Executive Director Lamm replied when affordable housing is included in a project area, redevelopment law specifically requires a PAC, which is in existence for three years, to guide the City with regard to the twenty-percent money directed to affordable housing; the remaining eighty-percent for commercial, etc. is not subject to its review.

Special Counsel Brady presented an outline of redevelopment law; specific definitions of terms and when a PAC is required within the affected area. PAC selection is via election. "Substantial displacement" is not defined. If the recommendation is not to approve the Redevelopment Plan, it is necessary to have a super majority vote of the legislative body (City Council) in order to approve the ordinance adopting the new plan.

Agency Member Cowan said she had been contemplating how to form a committee separate from the PAC to ensure adequate public input, and asked if other committees could be formed to act in an advisory capacity. Special Counsel Brady listed instances wherein committees had been established by other communities, such as neighborhood councils with ongoing community meetings. She confirmed the PAC meetings are open to the public and subject to the Brown Act.

Agency Member Cowan referred to Scope of Work for Feasibility Study on page 3 of the staff report, and requested the words "and walk" be added to "drive throughout..." in the Survey Area Boundary section.

In response to Vice Chairperson Dixon, Ms. Brady explained the redevelopment area is created at the end of the approximately twelve month long process; identification of the survey area to establish potential boundaries of the entire redevelopment project area is the first formal action by the Redevelopment Agency. The PAC is formed within one hundred days of identification of the survey area. The statute requires various categories; the Redevelopment Agency can decide the number of representatives of those categories.

Agency Member Robinson referred to the previous Redevelopment Agency meeting wherein she had requested information on different areas of the City that are separate from the Westside. Executive Director Lamm suggested bringing another survey area map to the April Redevelopment Agency meeting that identified Coolidge/Fillmore and Joann/Minor, etc. and then, if the Redevelopment Agency agreed, put it out to bid.

Special Counsel Brady confirmed the Redevelopment Agency survey area boundaries are formally established by resolution. Consultants often make recommendations concerning adjacent areas to those they are surveying; however, it is necessary to provide an idea of boundaries as it is not always feasible to make a finding for redevelopment when areas are not contiguous. Executive Director Lamm stated he was more comfortable with having a survey area map that the Redevelopment Agency agreed upon. He asked the Redevelopment Agency to let staff know if additional areas should be considered.

Agency Member Cowan asked for clarification of the tentative schedule provided in the staff report. Special Counsel Brady responded not all plan adoptions go through formal feasibility study. It is, however, necessary to identify the boundaries of the proposed project area via a map by the preliminary plan. The next major step following the survey area is a preliminary plan which is a statutory perfunctory identification of actual boundaries of the project area. The feasibility study follows the survey area. It is the project area selection that triggers the timing of one hundred days on the PAC.

Special Counsel Brady presented the legal definitions of "blight" in accordance with California Redevelopment Law (CRL) - the heart of the jurisdiction of the Redevelopment Agency to adopt a plan and to carry out the financing of redevelopment. The power to determine "blight" is delegated to the City Council and Redevelopment Agency. She read the definition of "blighted conditions" from the outlined provided as page 2 of the SYC&R attachment to the staff report. She defined physical and economic conditions as identified in California Redevelopment Law Subsection 33031 (a) and (b) respectively, and more specifically by Assembly Bill 1290.

Agency Member Robinson arrived at 4:14 p.m.

In response to Agency Member Cowan questions, Special Counsel Brady emphasized the necessity of providing factual information, narrative description, and connection to the community. She further explained overcrowding in accordance with Housing Quality Standard (HQS) standard at the federal level: 2 persons per bedroom plus 1. Improper utilization of an area is defined by the Redevelopment Agency and supported by the legislative body - the City Council. Special Counsel Brady confirmed Agency Member Robinson's understanding of the process, i.e., fact-finding, presentation of such information, and Redevelopment Agency's determination that such information establishes CRL Subsection 33031(c) and (d), a process that takes approximately one year. In reference to CRL Subsection (e), there is case law guidance concerning private enterprise which has not stepped forward and invested in upgrading areas.

Agency Member Steel arrived at 4:25 p.m.

Through administrative records, the City would show redevelopment tools

are necessary. The General Plan continues in place relating to land use. A redevelopment plan cannot be inconsistent with the General Plan. The Planning Commission would have thirty days to determine consistency findings. Other factors are considered beyond rezoning.

Agency Member Steel commended Special Counsel Brady on her presentation and knowledge of the process. In response to his question concerning overcrowding, she did not feel qualified to comment but stated this would be evaluated in review of existing land uses, and establishing the goals of what is desired to be accomplished. The power of eminent domain can be exercised within the project area. She outlined the conditions involved in such power, and the conditions attached to the use of tax increment funds. It is the opinion of SYC&R that the Redevelopment Agency cannot exercise its powers of eminent domain outside the project area boundary even for affordable housing without the City Council's sanction. The law imposes obligations on set-aside funds as well as inclusionary housing requirements and it is not possible to provide one specific type of housing. Not less than thirty percent of new housing must be available to low- mod-income persons. Forty percent of that thirty percent must be available to very low-income persons. Multi-family apartments are the affordable housing opportunity at the very low-income level. Agency Member Steel said he was strongly opposed to additional affordable housing in the City, particularly on the Westside; with all this renewal why would the City continue with the same type of dwelling? Special Counsel Brady emphasized state law requires affordable housing properties that are taken out be replaced on one for one bedroom basis within four years at a similar income level within the community. She gave examples of the affordable housing cycle.

Agency Member Steel said there is a real problem relating to citizenship and some difficult decisions will have to be made that will be unpopular with some people. If dwellings are found to be overcrowded with non-citizens and it is felt they should be removed through eminent domain or whatever, he asked if the City is responsible for funding relocation of such people. Special Counsel Brady responded according to state law, if the project is funded by tax increment funds, citizenship is not considered. If the project is funded with federal funds, undocumented persons are ineligible for relocation benefits; however, it could be a "mixed-household" and the law changes. It is necessary to identify any state and/or federal funds being used on a project-by-project implementation basis.

Neighborhood Improvement Manager Ullman, in response to Agency Member Robinson, reported the City does not have a lot of federal funds for housing; \$1.5 million a year is received in block grant monies. If programs funded from this are deducted, approximately \$600,000-\$700,000 is left. Additionally, \$600,000 in HOME funds is received but, if the Rehabilitation Programs are deduction, \$300,000 remains. This does not amount to a great deal of federal money for acquisition and rehabilitation; the Redevelopment Agency would, therefore, need to rely on redevelopment funds. At the Redevelopment Agency April 16, 2001 meeting, the HOME and Community Development Block Grant budgets will be presented.

**Public Comment**

Chris Fewel, 2000 Republic Avenue, Costa Mesa, encouraged aggressive pursuit of redevelopment. He requested asking consultants to identify areas not blighted and consideration of including the north side of 19<sup>th</sup> Street as part of the survey area.

Janet Davidson, 1982 Arnold Avenue, Costa Mesa, would like to be on an advisory group and suggested including a couple of developers.

Martin Millard, 2973 Harbor Boulevard, Costa Mesa, requested the Coolidge/Fillmore and El Camino/Mendoza areas be included in the redevelopment area. In his opinion, certain areas were zoned incorrectly and should be R1. In response to Mr. Millard's request that only legal residents participate in the PAC, Special Counsel Brady said she may research constitutional issues concerning discrimination, as the statute is silent. The Redevelopment Agency proposes the rules and bylaws to establish the procedures for the PAC to form itself. She clarified the definition of "affordable housing"; the Redevelopment Agency is required to improve, preserve and increase the community's supply of affordable housing at a cost not to exceed 30% of a person's monthly income.

Robert Graham, 3260 Dakota Avenue, Costa Mesa, said the City has right of way to connect to a two-mile state beach. Money and traffic would come into the commercial corridor if there were an extension of 19<sup>th</sup> Street. It is necessary to know what opportunities exist before the City proceeds into redevelopment.

Tim Cromwell, 202 Swan Drive, Costa Mesa, heartily supported the direction the Redevelopment Agency is taking. He recommended including all areas being considered as the project area, and eminent domain be used.

Paula Litten, 1161 Glen Eagle Terrace, Costa Mesa, said she has seen her neighborhood become dilapidated and should be included in redevelopment and zoned R1. Placentia is in a blighted area serving Estancia High School. An extension to 19<sup>th</sup> Street would not affect Mr. Graham living in north Costa Mesa but would affect her neighborhood. She did not want to see a Victoria Street on 19<sup>th</sup> Street and voiced concern about the wetlands.

Ralph Ronquillo, 980 Grove Place, Costa Mesa, said redevelopment has already started by homeowners building up their modest homes. It is a cumulative effort between owners of homes and other properties and the City. He supported the direction the Redevelopment Agency was taking.

Eric Bever, 1046 Westward Way, Costa Mesa, concurred with previous speakers and appreciated the efforts of the Redevelopment Agency and staff. He presented a "new buzz" word "HIBU" (highest and best use), and suggested if the City keeps this in mind, it will be successful.

Mary Fewel, 2000 Republic Avenue, Costa Mesa, thanked the City for what is being done on the Westside; code enforcement and property maintenance standards make a difference. She strongly supported redevelopment, particularly in the survey area identified as number one but thought going to outside areas would dilute the focus on the Westside. She was dismayed by the racial references made over the past months. A broad-based committee is needed to get through some of the tough issues.

Paul Bunney, Post Office Box 11204 Costa Mesa, suggested rezoning instead of redevelopment. He encouraged the City to upgrade its website to provide information to the public.

Corrine Zartler, 950 West 19<sup>th</sup> Street, Costa Mesa, appreciated the focus on the Westside for redevelopment. Her neighborhood contains many rental properties and the people do not have a pride of ownership. People should be encouraged to take care of their properties, not a bridge leading to the beach.

Campbell Davidson, 1982 Arnold Avenue, Costa Mesa, supported Westside redevelopment but felt other areas should be listed for consideration.

Ernie Feeney, 1154 Dorset Lane, Costa Mesa, reported security has been hired for her area because of physical blight. It would be a detriment to the City not to include all blighted areas in the plan.

In response to Agency Member Cowan's requested, Executive Director Lamm clarified that there can be any number of project areas; however, the plan would need to include the noncontiguous areas. He listed duplicated costs involved for each area if included in the feasibility study (\$12,000-20,000); redevelopment consultants to write the plan and conduct meetings, etc. (\$125,000-200,000), environmental impact report (\$100,000-125,000), plus legal services (unknown). Any sized new project area is a \$250,000 effort. Special Counsel Brady reported on various public noticing required. Agency Member Cowan requested staff return with proposal for additional noticing and public participation, town hall meetings, etc. outside of what is required by law.

Special Counsel Brady clarified "affordable housing"; twenty percent of tax increment goes to the City's housing fund. Expenditure of that fund is related to replacement on a one-for-one basis. A percentage of all public entity or private development housing within the project area must be affordable. She outlined the tools within federal and redevelopment law which allows identification of properties within the project area with contamination issues. The feasibility study looks at the blighted conditions and fiscal impacts only, and does not facilitate any necessary environmental clean up. Agency Member Cowan requested the "transition zone" be included on the north side of Area 6.

Agency Member Robinson asked if other areas were identified as potential project areas what would the cost be to the community. Executive Director Lamm responded it would not be substantial and would affect the feasibility study. Each specific project area can be approached as directed by the Redevelopment Agency.

**MOTION**

Agency Member Steel motioned to include the areas identified by Mr. Millard, Ms. Litten and others in the redevelopment plan feasibility study. He asked Agency Member Cowan to clarify her comment "fiasco on the Westside". She responded she had referred to the City's ability to notice people during the first eighteen months of the process concerning the Westside Specific Plan. Chairperson Monahan seconded the motion and identified the additional areas to be included in the feasibility study: Fillmore/Coolidge, Joann/Miner, Placentia Avenue south of Estancia High School, north side of 19<sup>th</sup> Street, and Wilson and Canyon. The motion carried 5-0.

**Approved  
Carried**

**MOTION**

Agency Member Steel motioned to present to Robert Graham and others an opportunity to state their case concerning a 19<sup>th</sup> Street bridge in order to get the matter finally settled. He wanted to make it clear he had been opposed to a 19<sup>th</sup> Street bridge since 1981. Agency Member Robinson stated during the City Council election campaign, she too, was opposed to

such a bridge; however, she feels further research into the matter from both supporters and non-supporters would be beneficial in order to be totally satisfied in rejecting the proposal. She seconded the motion.

City Manager Roeder responded that a SARX study presentation is coming up probably at the end of April, and this matter could be included. He suggested the City Council hold a public hearing. Staff will compile for Members Robinson and Steel a complete history of public testimony and discussion on other projects.

The maker of the motion agreed the matter could be included in the SARX study presentation. The seconder supported the amendment.

Robert Graham, 3260 Dakota Avenue, Costa Mesa, said what he had been advocating was not included in the SARX study.

After brief discussion, it was decided as a matter of procedure, the Redevelopment Agency could recommend to the City Council it present an opportunity for Mr. Graham to speak at the SARX study presentation. Agency Member Cowan stated this matter was a public hearing/public process in the 1992-94 timeframe. It should be noticed very clearly because there are both proponents and opponents to a 19<sup>th</sup> Street bridge and all should have the opportunity to be heard as it relates to the findings of the SARX study. In her opinion, this matter was addressed fairly, equitably and publicly by a former City Council; its action lead to the SARX study which seeks to remove bridges from the master plan of highways. She was not prepared to reopen the question outside the context of the SARX study.

**Approved  
Carried**

The maker of the motion confirmed the intent of his motion was to have a public hearing within the context of the SARX study. The seconder agreed to support the motion as presented. The motion carried 5-0.

**WARRANT  
RESOLUTION  
CMRA-285**

On a motion by Agency Member Cowan, seconded by Vice Chairperson Dixon, and carried 5-0, Warrant Resolution CMRA-285 was approved.

**ORAL  
COMMUNICATION**

Paul Bunney, Post Office Box 11024, Costa Mesa, said if a 19<sup>th</sup> Street bridge is approved and traffic continues to increase, it would be detrimental to the surrounding areas. He foresees the possibility of additional lanes on Victoria Street as traffic develops. He suggested the Redevelopment Agency consider the impact such a bridge would have. A SARX study only addresses traffic impact and not economic impact.

Robert Graham, 3260 Dakota Avenue, Costa Mesa, stated the SARX study is based partly on Bluff Road extending through to Victoria Street; without the 19<sup>th</sup> Street crossing, it would mean going to Bluff Road. Many decisions made now will impact the City in the future.

**AGENCY  
COMMENTS AND**

Agency Member Steel referred to a letter previously distributed to the Redevelopment Agency received from Eleanor M. Egan, dated March 8,

**SUGGESTIONS**

2001, within which she advocates each Redevelopment Agency Member appoint three persons to a PAC, who have certain qualifications. He supported the suggestion as long as each resides in the City. He strongly opposed her idea of including a representative of a for- or non-profit corporation located on the Westside because some of these organizations caused the problem in the first place. At the same time redevelopment takes place, it is necessary to address the magnets that attract undocumented citizens and transients, and eliminate them.

Agency Member Robinson responded the task the Redevelopment Agency is embarking upon is difficult and highly sensitive to the community; she encouraged patience and understanding. She asked improper race issues be kept out of discussions and the focus be kept on real issues, i.e., improving the quality of life for all residents of Costa Mesa.

Agency Steel said he agreed with Agency Member Robinson's response; however, the issue is not race but reality.

**AJOURN TO SPECIAL JOINT MEETING WITH THE CITY COUNCIL**

At 6:37 p.m. Chairperson Monahan adjourned the regular Redevelopment Agency meeting to a special joint meeting with the City Council. He conceded the chair to Mayor Cowan.

**ROLL CALL**

Council Members present: Mayor Cowan  
Mayor Pro Tem Dixon  
Council Member Monahan  
Council Member Robinson  
Council Member Steel

**OLD BUSINESS**

**Consideration of Alternative Schedules For Agency Meetings and City Council Study Sessions**

Dvmt. Scv. Director/Agency Executive Director Lamm referred to the memorandum provided by City Manager Roeder wherein he offers suggestions for alternative schedules for both Redevelopment Agency meetings and City Council Study Sessions. In response to Mayor Pro Tem/Agency Vice Chairperson Dixon's question, City Manager Roeder confirmed throughout the course of the process to create a new redevelopment project area, the length of meetings will change. Council/Agency Member Robinson suggested the starting time of 4:00 p.m. as being inconvenient for many. Mayor/Agency Member Cowan supported Option E (study sessions remain as currently scheduled and Redevelopment Agency meetings continue to start at 4:00 p.m. but move to the fourth Monday of each month).

Council Member/Agency Chairperson Monahan suggested study sessions begin at 4:30 p.m. and the Redevelopment Agency meetings follow at 6:30 p.m.. Both meetings to remain on the second Monday of each month. He asked that Conference Room 1A be fitted to with cameras to televise each meeting following retrofitting of City Hall. A brief discussion ensued.

**MOTION Approved Carried**

On a motion by Council Member/Agency Chairperson Monahan, seconded by Mayor/Agency Member Cowan, and carried 5-0, it was agreed to schedule City Council study sessions at 4:30 p.m. on the second Monday of each month, the Redevelopment Agency meetings to follow at 6:30 p.m., and to have Conference Room 1A equipped to carry the meetings via television.



**NEW BUSINESS**

**HOME Fund Reservation Agreement Fiscal Years 1999-2000 And 2000-2001**

Mike Linares, CDBG/HHOME Coordinator, reiterated the City is required to commit federal HOME funds within two years of receipt of grant funds from the Department of Housing and Urban Development (HUD). The City has been unable to commit these funds within the timeframe due to the nature of its programs such as single family rehabilitation, loan and grant programs, and projects such as Habitat for Humanity of Orange County, Inc. In the past, the City has transferred these HOME funds to the Redevelopment Agency which, in turn, uses the funds to support the City's housing stock.

Staff is requesting approval of the Amended and Restated HOME Fund Reservation and Implementation Agreement to commit seventy-five percent of the 1999-2000 and 2000-2001 HOME grant. Of the remaining twenty-five percent, ten percent is for Administration and fifteen percent is for non-profit housing projects.

**MOTION Approved Carried**

On a motion by Mayor Pro Tem/Agency Vice Chairperson Dixon, seconded by Council/Agency Member Robinson, and carried 5-0, the Amended and Restated HOME Fund Reservation and Implementation Agreement was approved on behalf of both the City Council and Redevelopment Agency.

**REPORTS**

**Executive Director/City Manager**

None.

**Agency/City Attorney**

Agency Attorney Wood requested adjournment to conference room 1A for closed session to discuss the following three items.

1. Anticipated litigation re initiation of litigation pursuant to subdivision (c) of Section 54956.9 for one case involving financial default by Costa Mesa Village;
2. Sidia Lemus v. City of Costa Mesa, Orange County Superior Court, Case No. 00CC02101, pursuant to the authority of California Government Code Section 54956.9 (a), in order to allow City Council to consider offer to compromise made by plaintiff; and
3. John F. Ward v. County of Orange, City of Costa Mesa, et al., United States District Court, Central District, Case No. SACV 01-0062 AHS(AN), pursuant to the authority of California Government Code Section 54956.9(a).

Mayor/Agency Member Cowan trailed these items to the close of the special joint meeting.

**ORAL COMMUNICATION**

In response to questions posed by Eric Bever, 1046 Westward Way, Costa Mesa, Mayor/Agency Member Cowan said Council Members had expressed interest in allowing testimony during presentation of the SARK study; staff will work out details prior to that meeting.

**ADJOURNMENT to Closed Session** Mayor/Agency Member Cowan adjourned the special joint City Council/Redevelopment Agency meeting to closed session at 6:57 p.m.

**MEETING RECONVENED** Mayor/Agency Chairperson Cowan reconvened the meeting at 7:41 p.m. and the action taken during closed session was announced.

1. Costa Mesa Village. City Council./Redevelopment Agency provided direction to staff.
2. Sidia Lemus. By a 5-0 vote, City Council accepted plaintiff's offer to compromise and settle the litigation.
3. John Ward. City Council provided direction to City Attorney.

**ADJOURNMENT** Mayor/Agency Member Cowan adjourned the meeting at 7:45 p.m.