

MOTION
Approved
Carried

On a motion by Agency Member Cowan, seconded by Agency Member Robinson, and carried 5-0, Resolution No. 225-01 was approved approving the Third Amendment to Owner Participation Agreement between the Redevelopment Agency and Costa Mesa Village, Ltd.

Redevelopment and Residential Rehabilitation (3R) Committee Membership

Management Analyst Penalosa outlined the current membership, reappointments and vacancies in connection with the 3R Committee. Four existing Members had requested reappointment; two new applications had been received for Alternate positions, and one Alternate position could be advanced to full Member.

In response to Vice Chairperson Dixon's question concerning term limits, Management Analyst Penalosa referred to the Commission/Committees/Boards Handbook; however, Agency Member Cowan stated the term "Appointed Body Privilege" applied, and therefore, there was no rotating term.

MOTION
Reappoint 4
Existing Members

A motion by Agency Member Robinson to approve the reappointment of the four existing 3R Committee Members to an additional term was seconded by Agency Member Robinson .

Agency Member Steel reported he had problems with approving the reappointment of one of the applicants and requested the vote be taken for each individual name.

Amended
MOTION
Reappoint Diane
McCardle
Approved
Carried

The maker of the motion agreed to amend her motion, and moved to reappoint Diane McCardle to another term on the 3R Committee: the motion was seconded by Agency Member Cowan, and carried 5-0.

MOTION
Reappoint
Philip Morello
Approved
Carried

On a motion by Agency Member Robinson, seconded by Agency Member Cowan, and carried 5-0, Philip Morello was appointed to another term on the 3R Committee.

MOTION
Reappoint
Arlene Schafer
Approved
Carried

On a motion by Agency Member Robinson, seconded by Agency Member Cowan, and carried 5-0, Arlene Schafer was appointed to another term on the 3R Committee.

MOTION
Reappoint
William Turpit
Approved
Carried

On a motion by Agency Member Robinson, seconded by Agency Member Cowan, and carried 4-1, Agency Member Steel voting no, William Turpit was appointed to another term.

MOTION
Interview
Alternates

Agency Member Cowan motioned, before advancing one of the existing three Alternates, the Members of the Redevelopment Agency as a whole or as individuals, have an opportunity to talk with each one, to get a sense of who they are. The motion was seconded by Agency Member Steel.

Chairperson Monahan asked staff if there was an upcoming meeting that required a vacancy filled in order to conduct business. Management Analyst Penalosa confirmed there was not. He suggested the Alternate interviews be conducted individually. Agency Member Cowan stated she would leave her motion open because several Members of the Redevelopment Agency may have an interest in interviewing together; however, she requested input from the Agency Attorney.

Agency Attorney Wood responded unless this evening's meeting was adjourned, two Members conducting interviews would be acceptable; however, if more Members are involved, the Brown Act comes into play. Chairperson Monahan suggested because of the holidays, it might be easier to do individual interviews. The decision of filling the Alternate position would be delayed until the next meeting to give an opportunity to Members of the Redevelopment Agency to hold interviews of both new applicants and current Alternates. The motion passed 5-0.

**Approved
Carried**

**Formation of
a Westside
Redevelopment
Action
Committee**

Agency Member Cowan reported she had requested this item be agendaized because she wanted to put into words her concerns as to where things were going; she did not believe there was a destination defined for the Westside. She would like to see a committee formed with the charge to come up with a destination and a plan how to get there. She wrote the report late one evening so groups could have been left out that may be natural constituencies to participate. The committee should have a two year window; if it can accomplish what it sets out to do in less time, it can return to the Redevelopment Agency. She did not have an issue with the size of the committee which should be facilitated by an outside consultant and have no Council/Agency member involved. This type of committee has been utilized very successfully by other cities in making determinations for projects similar to this. The City has struggled for a long time to determine what the Westside should be; it is time the stakeholders in the community say what they want.

Chairperson Monahan said he remembered the feasibility study was put off until the Home Ranch project was completed; he asked for clarification of where things stood currently in regard to getting a redevelopment project. Planning and Redevelopment Manager Robinson responded a feasibility study presentation was made at the Redevelopment Agency October 2001 meeting; however, this matter was put on hold because of the Home Ranch development. Originally the December meeting was scheduled to be a "round table" study session format with consultants available for questions; but because there are items that are more time sensitive, the "round table" meeting is delayed until January, possibly February, 2002.

Agency Member Steel expressed concern the size of the committee could create more problems in getting something done. He felt the committee should be limited to those renters or homeowners who live on the Westside in the targeted troubled areas and businesses; homeowners should have more weight because they have a long-term stake in the community. At his request, Agency Member Cowan defined some of the groups she had included in her list of committee participants, and referred him to point #6 in her report.

Agency Member Steel reiterated his concerns about the make-up and proposed size of the committee.

In response to Agency Member Robinson's question regarding the current direction the Redevelopment Agency is taking relating to the feasibility study, Agency Member Cowan said the Redevelopment Agency must continue its education in order to respond to related questions, and do what it must legally do along the way; however, it would not be possible to move forward without the kind of direction and input she is advocating. The Redevelopment Agency must be driven by the Westside Redevelopment Action Committee. The Westside Specific Plan was unsuccessful because there was no such input from stakeholders.

Vice Chairperson Dixon reported at the last Redevelopment Agency meeting she had offered to meet with residents who wished to talk about the Westside. The meeting was facilitated by a Planning Commissioner whose notes were unavailable for distribution at this time. Discussions included many ways to bring about a better understanding of the pros and cons of redevelopment on the Westside.

Agency Member Steel said the reason he felt the Westside Specific Plan collapsed was when people realized at the end of the process what was being proposed, they got very reactivated and vocal. He did not want to go down that same path which is what he feels Agency Member Cowan is recommending by her proposed committee. Agency Member Cowan responded she felt it was imperative this type of committee be established. The City never created stakeholders involvement in the Westside Specific Plan. The only way the Westside community will buy into an action plan is for it to produce the plan for changes/improvements/redevelopment /Redevelopment itself. If 35-40 people spend two years together, something may happen.

Agency Member Steel asked if Agency Member Cowan had mentioned "homeowners" in previous comments. She responded she had mentioned "stakeholders" which refers to people who live and own businesses and property on the Westside who have a stake in the final outcome.

**PUBLIC
COMMENT**

Martin Millard, 2973 Harbor Boulevard, Costa Mesa, feels although Redevelopment ("Big R") is necessary, it would trigger the Polanco Bill which would allow free passage to owners of businesses that had contaminated soils. He suggested City-wide redevelopment which would address the Fillmore, Mendoza and Baker Streets "slums", and allow some sales tax to be returned to the northern section of the City as well as the Westside. He defined stakeholders as citizens who can vote, and supported Agency Member Steel's comments. He argued Costa Mesa did know what it wanted to be – an ocean orientated community. By not using the area to its highest and best use, its assets are being wasted and Costa Mesa is becoming a Santa Ana.

Special Counsel, Celeste Stahl Brady from the law offices of Stradling, Yocca, Carlson & Rauth, defined the Polanco Bill as provisions within the Community Redevelopment Law that affords a redevelopment agency to initiate the clean-up of contaminated properties. The responsible parties are not released from liability under this Bill. Subsequent owners can be released from State Law immunity for the environmental conditions of the property after the clean-up has been processed through applicable health care agencies. Such a statutory scheme has been in place only a couple of years and provides a mechanism where an agency can effect the clean-up. Those who currently own the property, those in the chain of title, and

other owners and users are put on notice that there is a physical condition with the property and they must propose an action plan within sixty days to the redevelopment agency as to how that property will be cleaned up. The redevelopment agency itself can initiate the process if the owner does not respond or cooperate, and a civil action can be filed to determine liability, and cost recovery will follow that land owner. If the redevelopment agency or a third party takes over ownership of the property, then they receive limited immunity under the environmental liability statutes. Special Counsel Brady gave examples of situations that triggered the Polanco Bill.

Mr. Millard added the key word was “responsible” party.

Mike Sullivan, address not stated, owner of residential property on Maple Street, said he took great exception to the make-up of the committee proposed by Agency Member Cowan. He agreed with Agency Member Steel’s interpretation of stakeholders, i.e., land owners, home owners and residents. The economic trend is working quite well; however, he sees a social engineering which the people living on the Westside are not really supporting.

Bill Turpit, 1772 Kenwood Place, Costa Mesa, reported he had participated in Agency Member Dixon’s meeting concerning the Westside. What came out of that meeting was the agreement that people really like living on the Westside and appreciated the diversity of the area. Agency Member Cowan’s proposal recognizes the importance of people working and living on the Westside participating in this process. He felt if an invitation is sent to stakeholders to attend a meeting, the same stakeholders will show up who always show up. He was pleased this process is being directed to the next tier of the public who do not usually participate, yet have a real stake in the Westside. He felt the Westside Specific Plan failed because a consultant was hired who needed to produce a procedure in order to fulfill his contract. All the “boxes” were checked but the consultant failed to go deeper in order to find out what the community wanted. Mr. Turpit supported hiring a facilitator providing enough time was given to allow the Westside community to communicate, which, in turn, would benefit the Redevelopment Agency.

Tom Egan, 1893 Parkview Circle, Costa Mesa, supported a Westside Redevelopment Action Committee. He reported he had complained at the October 2001 Redevelopment Agency meeting about decisions being made without public input; however, he was informed decisions were not being made. He read from a list of actions taken by the City and his reactions thereto. He supported the proposed makeup of the Westside Redevelopment Action Committee but not the number of people or length of term. In his opinion money and staff is needed and experts should be involved. He suggested a consultant design the concept.

Mary Fewel, 2000 Republic Avenue, Costa Mesa, thanked Agency Member Cowan for her ideas. She supported the membership of the committee and said point #6 should alleviate Agency Member Steel’s concerns. A good facilitator will be essential.

Agency Member Cowan stated she was very encouraged by the public comment received this evening. She sees the community as a vibrant, socially and economically diversified group. She said she was very

offended by all the talk, particularly by Agency Member Steel and his supporters, about how you cannot be a stakeholder in this community unless you own property. Agency Member Steel is a renter. The voters sent a non-property owner to the City Council yet, he and his supporters would deny renters the opportunity to participate in this process. Before she became a homeowner, Agency Member Cowan said she was a renter and very involved with the life of this community.

MOTION
Approve
Recommended
Action

A motion by Agency Member Cowan to approve the recommended action was seconded by Agency Member Dixon.

Agency Member Steel stated he was pleased this evening's meeting was being taped to prove his earlier remarks. He was very much in support of renters being included in the action group. He had always supported more homeownership which is indicated by the current conditions. This does not mean he is denigrating renters; if anyone feels he is picking on them, he is sorry. He was not against renters per say; they should be participants in this process.

Agency Member Robinson said she had concerns about the size of the committee and asked if the same range of people could be involved but in a more manageable number. She agreed with an earlier speaker on the timetable. Everyone wants something to happen on the Westside and she felt January 2004 gave far more time than was necessary to achieve what people are inspired to get done. She asked the maker of the motion if the timetable could be June 2003, with reports at 3, 6, 12 and 15 months, and one month thereafter, and also if the number of participants on the committee could be reduced but not on the scope of where they come from.

Amended
MOTION
Timetable to 2003

The maker of the motion responded the make-up of the committee could be negotiated. Mrs. Fewel had identified the first and second charrette that the Westside Specific Plan held at Pomona School wherein everyone participated, and the size of over 100 people was not an issue. She had no problem with June 2003, and would amend her motion accordingly. It is a long process, and has continued since 1953 when the community was founded. If an extension was necessary, the committee could come back. She clarified for Agency Member Steel's benefit, her motion covered the recommended action and all nine items. It was unnecessary to vote on each individual item.

Agency Member Steel asked the maker of the motion if she would include the entire City, including all those targeted areas identified by Urban Futures, Inc., rather than just the Westside. Agency Member Cowan responded the focus has been the Westside. The scope of the consultant's study so far involved the Westside; the few identified areas outside and whether or not to make a redevelopment project area out of the Fillmore/Mendoza/Baker Street areas, can be handled by the Redevelopment Agency. It is more than just addressing how to redevelop housing stock; it is an economic issue for the whole Westside.

Chairperson Monahan said he had some concerns with some suggestions in the feasibility study. He had hoped to get together with the consultants because he was not very happy with some of their recommendations which, in some instances, seemed too broad to produce meaningful change. He had the same concern about the proposed committee. Chairperson Monahan asked if this motion goes forward, would there be any need to identify areas, and pursuing any further additions or

modifications to the current redevelopment plan or a new one. He questioned if the Redevelopment Agency would, in the interim, pursue its present responsibilities and as they come up, or is the committee going to. Agency Member Cowan responded the Redevelopment Agency can move forward on project areas outside the defined Westside boundaries, and continue to pursue the feasibility of the entire area of the report already received. All the decisions, actions and directions that would come from the Redevelopment Agency for the area within the boundaries of the Westside would be given to the Westside Redevelopment Action Committee.

Chairperson Monahan also expressed concern about the size of the proposed committee and time-frame. Most controversy has come about residential areas which, for the most part, are outside the Westside area, and questions of relocation, eminent domain, housing stock, etc., have been discussed. He could support the committee as proposed; however, he agreed it is a huge project. After discussion with experts to the Redevelopment Agency, he was going to propose to the consultant that the Redevelopment Plan be phased. Consultants were recommending expansion of the Redevelopment Area. The logical way was to address income before addressing areas that will take money without bringing any in. Instead of concentrating entirely on outside the Westside area, the Redevelopment Agency can still do some work within the Westside area. The work done by the Redevelopment Agency and staff can be brought to the committee to see how it feels about it. 19th Street has most of the commercial activity where income is generated from. If an area is designated a Redevelopment Area, any income generated remains there. In his opinion, the first area that should be worked on immediately by the committee is the commercial quarter that is going to produce income to do some of the things outside the area. He mentioned as an example, the Vista Center and its specific development. There are many areas that people are in agreement on which could be taken to the committee to see if it, too, agrees. It is important to get this project out of the Redevelopment Agency's arena and into stakeholders hands because not everyone will be in office three years hence. The feasibility study should not be dropped and a Redevelopment Area should be pursued while the committee is doing its work. When the feasibility study comes back to the Redevelopment Agency in January 2002, serious discussion should take place concerning if anything should be done with it. He suggested the Redevelopment Agency remain active in redevelopment.

Agency Member Cowan said she was not advocating the Redevelopment Agency take eighteen months off. There are areas that can be expanded. The committee and Redevelopment Agency are not exclusive.

Agency Member Steel asked if Chairperson Monahan had additions or deletions from the motion. Chairperson Monahan responded he had none. When it gets to the point of appointing members, the committee will likely adjust itself.

In response to a question from the audience as to when the committee would "begin", Agency Member Cowan suggested minimally two members from each of the listed organizations, and any other quasi

organized group be appointed so they could attend the January, 2002 Redevelopment Agency meeting, particularly the feasibility study portion. Each Council Member's appointment should be made; in January 2002, the five at-large committee members could be handled.

City Manager Roeder stated the January meeting would have to be moved to appropriate facilities to hold the committee's larger membership.

**Approved
Carried**

The amended motion was approved 4-1 (Agency Member Steel voting no) to form a Westside Redevelopment Advisory Committee as outlined in Agency Member Cowan's report, ending in June 2003, with reports to the Redevelopment Agency at 3, 6, 12 and 15 months, and one month thereafter; actual make-up of membership to be open to negotiation.

Chairperson Monahan suggested Agency Member Cowan meet with Executive Director Lamm and Planning and Redevelopment Manager Robinson to discuss setting up the January meeting and getting word out to the public.

**Public
Participation
Request from
the 3R
Committee**

Planning and Redevelopment Manager Robinson reported the 3R Committee had expressed concerns at its November, 2001 meeting about ways to expand involvement of others in the decision to form a Redevelopment Plan. Staff was seeking direction as a facility will be required to accommodate the anticipated larger crowd which would then involve financial implications to cover additional mailing and advertising costs. Staff supported the recommendation of the 3R Committee to expand meeting noticing.

Bill Turpit, 1772 Kenwood Place, Costa Mesa, Vice Chairperson to the 3R Committee, stated a concern expressed at the Committee's last meeting was that in January 2002, an important Redevelopment Agency meeting will be held with an item for discussion pertaining to housing laws. Urban Futures, Inc. had recently made a presentations to the 3R Committee at which time, it was made known that during other presentations to the Redevelopment Agency and the community, this issue was not included. There are characteristics of the redevelopment project the community has not been given an opportunity to educate itself about. There are lots of ideas concerning housing without basis in redevelopment law. It would be beneficial for the community to understand what can be done on the Westside through redevelopment. The 3R Committee did not feel a full-on, Downtown Community Center, 300-member type meeting was necessary; however, people who are interested should be given an opportunity to attend.

Agency Member Robinson thought the outline presented in the staff report was a good one; she suggested using the existing list to do a mailer plus one advertisement in the newspaper before each big meeting. Advertising would ensure those people not on the mailing list had exposure to information concerning the meeting and would justify any costs.

Agency Member Cowan was uncertain of a cost benefit to advertise. Several times during the Westside Specific Plan process, there was difficulty in notifying business owners; she requested an outreach to that particular group be done in such a way as to get their attention. Planning and Redevelopment Manager Robinson responded the Westside list had been added to as different groups became involved and includes business owners. In answer to Chairperson Monahan's earlier comment, he reported staff had originally planned to return to the Redevelopment Agency in January 2002 with the feasibility study workshop; however,

this will need to be put off until February 2002. Agency Member Cowan noted this delay will allow an additional month to work on the Westside Redevelopment Advisory Committee membership.

Chairperson Monahan suggested the advertisement be in a Thursday edition of both the Costa Mesa Breeze and Daily Pilot publications.

**WARRANT
RESOLUTION
CMRA-293
AND CMRA-294**

On a motion by Agency Member Cowan, seconded by Vice Chairperson Dixon, and carried 5-0, Warrant Resolution CMRA-293 was ratified and Warrant Resolution CMRA-294 was approved.

**ADJOURN TO
SPECIAL JOINT
MEETING**

At 8:15 p.m. Chairperson Monahan adjourned the regular meeting of the Redevelopment Agency to a special joint meeting with the City Council.

RECESS

The Mayor declared a recess at 8:16 p.m. and reconvened the meeting at 8:25 p.m.

ROLL CALL

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

Council Members absent: None

OLD BUSINESS

None.

NEW BUSINESS

**HOME Fund
Reservation
Agreement**

Mayor/Agency Vice Chairperson Dixon requested no report be presented. No questions of staff were asked.

**MOTION
Approved
Carried**

On a motion by Council/Agency Member Cowan, seconded by Council/Agency Member Robinson, and carried 5-0, the recommended action was approved.

**Fiscal Year
2001-2002
Selection of
Developer for
Acquisition
and Rehabilita-
tion Project
(HOME 6)**

Mayor Dixon announced she would ask for questions only rather than hear the report.

Council Member Cowan requested a brief explanation of the unexpected low response to the Request for Proposal and Project Independence's selection as alternate developer.

Neighborhood Improvement Manager reported 264 Requests for Proposal (RFP) were mailed and only four proposals were received: Civic Center Barrio Housing Corporation, Project Independence, Habitat for Humanity of Orange County, Inc. and Steadfast Properties and Development, Inc. Habitat for Humanity withdrew its proposal in order to do more due diligence. The Steadfast proposal called for acquisition and renovation of Bethel Towers, the senior apartment tower on West 19th Street. The project is subject to Housing and Urban Development (HUD) Section 202 financing which requires all units be rented to very low income households through year 2016. She outlined various reasons why the project was not being considered at this time. Project Independence's

submission was a good concept; however, the developer is proposing a project specifically targeted to serve very-low income special-needs households, is not a CHDO, has no development experience and has never financed or acquired and rehabilitated property. She also felt the developer was unresponsive to the Proposal. The money being used for HOME 6 is closely regulated and, based on HUD's new accounting for HOME funds, staff needs to commit the funds quickly. Section 504 is a federal statute that prohibits a HOME funded project to be limited to occupancy by people with disabilities; Special Counsel Brady has advised if Project Independence is selected, it would have to indemnify and hold the City harmless in any civil rights or housing claims. The developer has agreed to do so. Staff suggested Project Independence apply for Section 811 funds, a HUD Capital Grant Program specifically targeted to projects that serve very low income/special needs households. The developer was also referred to Civic Center Barrio Housing Corporation as possibly both developers could team up and do a project together.

Civic Center Barrio Housing Corporation is well known to the City, and has experience in acquisition and rehabilitation of projects. Neighborhood Improvement Manager Ullman briefly described its proposed project and funding sources, and the reasons for its selection.

Mayor Dixon asked what would happen if Project Independence could not support the indemnification, to which Special Counsel Brady responded quite often there is an aphorism, "indemnifications are worth the paper they are written on". These are the kind of projects which should be funded; however, the federal government looks to the actual funding sources that are provided for developmental disabled person such as Section 8, rather than general sources such as HOME or Community Development Block Grant.

Tom Egan, 1893 Parkview Circle, Costa Mesa, said he was fascinated that the RFP was issued to 264 developers but only one viable response was received; he wondered how that could be.

Neighborhood Improvement Manager Ullman responded other cities such as Anaheim and Long Beach offer several millions of dollars for larger projects. Developers are looking for more than \$900,000 to do more units.

**MOTION
Items 1,2 & 3
Approved
Carried**

A motion by Council Member Robinson to approve items 1, 2 and 3 was seconded by Mayor Pro Tem Monahan for discussion. He asked the maker of the motion why item 4 was not included, to which she responded she had concern about having Project Independence as an alternate because of the indemnification issue. Item 4 might be discussed separately. The motion carried 5-0.

**MOTION
Item 4
Approved
Carried**

A motion by Mayor Pro Tem Monahan to select Project Independence as alternate developer if the City is unable to reach an agreement with Civic Center Barrio Housing Corporation or if Civic Center Barrio Housing Corporation is unable to proceed with its project, was seconded by Council Member Cowan. Mayor Pro Tem Monahan expressed concern if the City did not go forward quickly, a large amount of money would be lost. Special Counsel Brady confirmed she believed Project Independence had a viable project. The motion carried 5-0.

REPORTS

City Manager None.
Executive Director None.

City Attorney None.
Agency Attorney None.

ORAL None.
COMMUNICATION

AGENCY None.
MEMBERS
COMMENTS
AND
SUGGESTIONS

ADJOURN There being no further business, the Mayor/Agency Vice Chairperson adjourned the special joint meeting at 8:20 p.m.