

**REGULAR MEETING OF THE COSTA MESA
REDEVELOPMENT AGENCY**

August 11, 2009

The Redevelopment Agency met in a regular meeting on Tuesday, August 11, 2009, that was held in the Council Chambers of City Hall, 77 Fair Drive, Costa Mesa. Agency Chairperson Katrina Foley called the meeting to order at 6:31 p.m. and led in the Pledge of Allegiance.

I. ROLL CALL Agency Members Present: Agency Chairperson Katrina Foley
Agency Vice Chair Wendy Leece
Agency Member Eric Bever
Agency Member Allan R. Mansoor
Agency Member Gary Monahan

Officials Present: Acting Executive Director Kimberly Brandt
Agency Attorney Kimberly Hall Barlow
Finance Director Marc Puckett
Management Analyst Hilda Veturis
Project Manager Dave Sorg
Assistant Secretary Julie Folcik

II. CLERK'S STATEMENT

The Redevelopment Agency Agenda was posted at the City Council Chambers, Postal Office, Headquarters Police Department, the Neighborhood Community Center, and Mesa-Verde Public Library on Thursday, August 6, 2009.

III. MINUTES

Joint Redevelopment Agency/Council meeting of May 12, 2009.

MOTION: Approve. Moved by Agency Member Allan R. Mansoor, seconded by Vice Chairperson Wendy Leece

The Motion carried by the following roll call vote:

Ayes: Chairperson Katrina Foley, Vice Chairperson Wendy Leece, Agency Member Eric Bever, Agency Member Gary Monahan, Agency Member Allan R. Mansoor
Noes: None.

IV. PUBLIC COMMENTS – None

V. AGENCY MEMBERS COMMENTS AND SUGGESTIONS - None

VI. WARRANT RESOLUTIONS

1. Ratify Warrant Resolutions CMRA-383 and CMRA-384; approve Warrant Resolution CMRA-385.

MOTION: Approve. Moved by Agency Member Allan R. Mansoor, seconded by Vice Chairperson Wendy Leece

The Motion carried by the following roll call vote:

Ayes: Chairperson Katrina Foley, Vice Chairperson Wendy Leece, Agency Member Eric Bever, Agency Member Gary Monahan, Agency Member Allan R. Mansoor
Noes: None.

VII. OLD BUSINESS – None

VIII. NEW BUSINESS

1. REVIEW OF THE 2009-2010 STATEMENT OF INVESTMENT POLICY

Finance Director Puckett presented his staff report. He informed Agency Members that adopting the Statement of Investment Policy for 2009-2010 was an action required under the State Government Code and the Redevelopment Agency's Investment Policy. Mr. Puckett stated that the changes (basically dates) to the investment policy from the prior year were outlined in the redline copy that was attached to the staff report. He added there were no substantial changes to the policy and made himself available for questions.

Chairperson Foley opened the session for public comment. Vice Chairperson Leece mentioned the Oversight Investment Committee had concurred with the proposed changes to the Investment Policy. Chairperson Foley closed the public comment session.

A RESOLUTION OF THE COSTA MESA REDEVELOPMENT AGENCY, COSTA MESA, CALIFORNIA, ADOPTING THE 2009-2010 STATEMENT OF INVESTMENT POLICY, AND AUTHORIZING THE TREASURER TO INVEST AND REINVEST IDLE MONEYS OF THE COSTA MESA REDEVELOPMENT AGENCY IN ACCORDANCE WITH THE ADOPTED 2009-10 STATEMENT OF INVESTMENT POLICY, AND AUTHORIZING SAID TREASURER TO DELEGATE TO THE ASSISTANT DIRECTOR OF FINANCE THE CARRYING OUT OF ANY SUCH TASKS AS MAY BE NECESSARY FROM TIME TO TIME.

MOTION: Approve resolution. Moved by Agency Member Gary Monahan, seconded by Vice Chairperson Wendy Leece

The Motion carried by the following roll call vote:

Ayes: Chairperson Katrina Foley, Vice Chairperson Wendy Leece, Agency Member Eric Bever, Agency Member Gary Monahan, Agency Member Allan R. Mansoor

Noes: None.

2. FISCAL YEAR 2009-2010 BUDGET ADJUSTMENT REQUEST PERTAINING TO SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND (SERAF) PAYMENT

Acting Executive Director Brandt deferred the item to Management Analyst Veturis for presentation of the staff report.

Ms. Veturis presented an amendment request for the Redevelopment Agency budget that approved transferring approximately \$300,000 from the Lions Park Ball Field Lighting Project for payment of the Supplemental ERAF (payment to the State to balance the 2009-2010 FY State budget). Ms. Veturis reported that Costa Mesa would need to come up with an estimate of approximately \$1.421 million to be paid by the deadline date of May 10, 2010 and an additional \$300,000 to be paid by May 10, 2011, for a total of \$1.721 million. Staff analyzed the budget and noted a year-end balance in the Downtown Project fund of \$1,127,919 and an estimated \$1,421,714 in the ERAF share, reflecting a funding need of approximately \$300,000. Staff also reviewed Redevelopment projects within the proposed budget and offered the following suggestion to meet the funding need: Deferring the construction phase of the Lions Park Ball Field Lighting Project for one fiscal year (a cost of \$17,000) and leaving a balance of \$611,000 that could be used as payment for the Supplemental ERAF in addition to other projects that might need further funding such as the SR-55 Gateway Improvement project.

Ms. Veturis encouraged the Agency to amend the FY 2009-2010 Costa Redevelopment Budget, Downtown Project Fund and approve the budgeted adjustment and transfer of approximately \$300,000 from the Lions Park Ball Field Lighting Project for payment of the State-mandated Supplemental ERAF payment.

Chairperson Foley asked the Agency members for comments.

Agency Member Mansoor stated the Agency supported funding for the Lions Park Ball Field Lighting Project and explained that the requested budget adjustment was in preparation to pay for the State wanting to take Redevelopment funds. He added that in 2008-2009 the State was sued by the California Redevelopment Association (CRA) for taking Redevelopment agency funds and prevailed in keeping the State from taking the funds. Agency Member Mansoor said the 2008-2009 lawsuit did not apply in the 2009-2010 taking because the wording was different and asked Agency Attorney Hall Barlow if his understanding was correct.

Agency Attorney Hall Barlow reported there were two reasons why the 2008-2009 lawsuit did not apply in the 2009-2010 Redevelopment fund take. One reason was the lawsuit (over the 2008-2009 attempted Redevelopment fund take) was not yet final; therefore, it was not binding on future Courts with respect to the issue of the constitutionality of such a take. The second reason was Legislature tried to change the wording on how the State would take the funds this time. Agency Attorney Hall Barlow did not think it made a difference and said there would be a legal challenge. She added that the budget adjustment was simply for the preservation of funds in the event the Agency had to make the payment but that it would not stop Costa Mesa from participating in litigation to stop the State from taking Redevelopment funds.

Agency Member Mansoor asked what would happen if the Agency kept the funds earmarked for the Lions Park Ball Field Lighting Project, spent the funds down the road and the State came later wanting to take the RDA funds.

Agency Counsel Hall Barlow explained a provision in the law that stated if the litigation was not resolved and the Agency had to make the payment, there was no stay or injunction against the Agency having to make that payment. That basically if the Agency did not have enough funds or failed to make the payment, the Agency would be subject to a "death penalty" provision. Ms. Hall Barlow mentioned there were various provisions that would prevent the Agency from amending its existing plan and spending money other than to pay pre-existing indebtedness. The Agency would not be able to undertake new projects or adopt new Redevelopment plans and the allocated amount for low-income housing would increase. There were various built-in penalties; if the State could prove that the Agency owed the money, the State could go directly to the County and take funding that the Agency would otherwise receive. Ms. Hall Barlow recommended that the funds be set-aside in the budget so they would be available and if later the Agency was in the position to put the money back, it could get the ball field lit.

Vice Chairperson Leece inquired about the vehicle parking district (VPD) and asked if the project would be affected by the budget adjustment.

Ms. Veturis explained that the vehicle parking district consisted of improvements to the parking lots behind Newport Boulevard off of Broadway. She reported that funds had been set-aside in the 2008-2009 budget, and additional funding had been added this fiscal year to ensure there were sufficient funds. Ms. Veturis stated the project had already been through the necessary phases and was ready to begin construction within 3 months. Vice Chairperson Leece was assured the project would not be affected by the budget adjustment.

Chairperson Foley asked if the Lions Park Ball Field Lighting money and the \$628,000 that was budgeted for the project was budgeted based on a request for proposal and a bid or if it was an estimate from staff. Ms. Veturis deferred the question to Project Manager Dave Sorge from Public Services.

Project Manager Sorge reported that \$17,000 had been allocated for design and the remainder was an estimate.

Chairperson Foley asked why the Lions Park Ball Field Lighting project was being delayed if staff was only taking \$300,000 from the \$628,000 allocated budget.

Ms. Veturis stated the next Agenda item consisted of a request for an additional \$15,000 budget adjustment for another project.

Chairperson Foley further stated that estimates would have come at a higher rate and that current rates were slashed in terms of the public projects.

City Manager Roeder explained that the change in the appropriation was not “cing” the work on the design and that staff was going to proceed with getting an accurate cost settlement. Mr. Roeder said the amount in the budget was a very preliminary estimate and given the bids received, they might be able to proceed with the project even with the remaining appropriation. He added that staff would move forward and finish the design so they could move ahead with the project.

Chairperson Foley opened the session for public comment. There being none, Chairperson Foley closed the public session.

MOTION: Approve requested budget adjustment. Moved by Agency Member Gary Monahan, seconded by Vice Chairperson Wendy Leece

The Motion carried by the following roll call vote:

Ayes: Chairperson Katrina Foley, Vice Chairperson Wendy Leece, Agency Member Eric Bever, Agency Member Gary Monahan, Agency Member Allan R. Mansoor

Noes: None.

3. FISCAL YEAR 2009-2010 BUDGET ADJUSTMENT REQUEST FOR THE SR-55 GATEWAY IMPROVEMENT PROJECT

Agency Member Monahan abstained from voting on this matter because the project is located in front of his place of business.

Project Manager Sorge summarized his staff report and made a Power Point presentation. He informed Agency members that the project was presented to the 3R Committee in July and the 3R Committee recommended the project be submitted to the Agency for consideration of an additional \$15,000 allocation towards the SR-55 Gateway Improvement project. Mr. Sorge made himself available for questions.

Chair Foley opened the session for public comment.

A Costa Mesa resident spoke in favor of the SR-55 Gateway Improvement Project and was happy that efforts were being made to improve the area.

There being no further public comment, Chairperson Foley closed the public comment session.

MOTION: Approve requested budget adjustment. Moved by Vice Chairperson Wendy Leece, seconded by Agency Member Allan R. Mansoor.

Chairperson Foley thanked Mr. Sorge and his staff and said the SR-55 Gateway Improvement project was going to be a greatly appreciated improvement to the area.

The Motion carried by the following roll call vote:

Ayes: Chairperson Katrina Foley, Vice Chairperson Wendy Leece, Agency Member Eric Bever, Agency Member Allan R. Mansoor

Noes: None - Agency Member Monahan abstained

IX. AGENCY REPORTS

1. Agency Counsel - None
2. Acting Executive Director – None

Chairperson Foley adjourned the Redevelopment Agency meeting at 6:50 p.m.