

**REGULAR MEETING OF THE CITY COUNCIL AND  
SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY  
CITY OF COSTA MESA**

**June 19, 2012**

The City Council of the City of Costa Mesa, California met in a regular session on June 19, 2012 at 5 p.m. in the Council Chambers of City Hall, 77 Fair Drive, Costa Mesa. The meeting was called to order by the Mayor.

**CLOSED SESSION**

**ROLL CALL**

Council Members Present: Mayor Eric R. Bever  
Mayor Pro Tem James Righeimer  
Council Member Wendy Leece  
Council Member Stephen Mensinger  
Council Member Gary Monahan

Council Members Absent: None

Officials Present: Chief Executive Officer Thomas R. Hatch  
City Attorney Thomas Duarte  
Assistant Chief Executive Officer Rick Francis  
Interim City Clerk Brenda Green

**PUBLIC COMMENTS**

**CLOSED SESSION**

1. Conference with Thomas R. Hatch, Chief Executive Officer, and Labor Negotiator, Agency Negotiator regarding Employee Organizations: Costa Mesa City Employee Association (CMCEA), Costa Mesa Firefighters Association (CMFA), Costa Mesa Police Association (CMPA), Costa Mesa Police Management Association (CMPMA), Costa Mesa Fire Fighters Management Association, and Costa Mesa Division Managers Association pursuant to Government Code Section 54957.6

**PLEDGE OF ALLEGIANCE - Mayor Eric R. Bever (00:00:14)**

**ROLL CALL (00:00:45)**

Council Members Present: Mayor Eric R. Bever  
Mayor Pro Tem James Righeimer  
Council Member Wendy Leece  
Council Member Stephen Mensinger

Council Member Gary Monahan

Council Members Absent: None

Officials Present: Chief Executive Officer Thomas R. Hatch  
City Attorney Thomas Duarte  
Assistant Chief Executive Officer Rick Francis  
Finance/IT Director Bobby Young  
Captain Les Gogerty  
Human Resources Manager Lance Nakamoto  
Public Affairs Manager Dan Joyce  
Public Affairs Manager Bill Lobdell  
Interim City Clerk Brenda Green  
Acting Deputy City Clerk Christine Cordon

### **CLOSED SESSION REPORT (00:01:02)**

No Closed Session report.

### **ANNOUNCEMENTS (00:01:06)**

The Mayor played a video clip of the "Costa Mesa Minute" featuring upcoming events.

### **PRESENTATIONS (00:03:24)**

The Mayor recognized the members and troop leader of Girl Scout Troop 111 for their accomplishments, contributions to the community, and individual achievements in earning the Girl Scout Gold Award. (00:04:05)

The Mayor presented a proclamation to the Barrett-Jackson Auction Company in commemoration of the 3rd Annual Barrett-Jackson Auction Car Show. (00:13:39)

Lieutenant Colonel Terry Johnson of the 1st Battalion, 5th Marines provided an update of the battalion's past and future deployments, and thanked the Council for the city's support of the battalion. (00:18:05)

### **PUBLIC COMMENTS (00:21:53)**

The Mayor requested that New Business Item No. NB-1 be moved to after Public Comments; the Council did not object. (00:22:16)

Bill Ward, Costa Mesa, spoke in favor of outsourcing city services and the proposed charter, but opposed a charter that gives the Council unlimited power. (00:23:23)

Lea Harris, Costa Mesa, stated that Costa Mesa is the best city she has lived in; complimented the Council, staff, and programs; and spoke about the Neighbors for Neighbors program. (00:26:06)

Irene Raney, Costa Mesa, commented on the hookah lounge near Bethel Towers. (00:28:09)

Perry Valantine, Costa Mesa, expressed concern in political comments made at the dais during the campaign season. (00:29:11)

Eloise Ott, Costa Mesa, commented on trash along the freeways and suggested that Caltrans announce the fine on the electronic marquees for littering along the freeways. (00:31:11)

John Feeney, Costa Mesa, asked the city to repeal Measure M2. (00:33:27)

Sandra Genis, Costa Mesa, asked if tonight's discussion regarding the I-405 will become part of the public record for the project, and suggested a transcript be forwarded to OCTA. (00:34:16)

Greg Thunell, Costa Mesa, spoke about crime and public safety. (00:35:34)

Martin H. Millard, Costa Mesa, commented on developments in the Westside, the proposed sign project on 19th Street, and a recent armed robbery. (00:38:57)

Tamar Goldmann, Costa Mesa, spoke about her denied request to defer her public comment time to another speaker at the last City Council meeting, and commented on remarks made by council members about public speakers. (00:41:42)

Robin Leffler, Costa Mesa, expressed concern on the low business tax maximum of \$200 per year, and spoke in support of a business license tax increase. (00:43:50)

### **COUNCIL MEMBERS' REPORTS, COMMENTS, AND SUGGESTIONS (00:46:17)**

Mayor Bever addressed a public comment regarding increased crime in the city, and noted that Costa Mesa is trending better than Irvine, which is known as one of the safest cities in the country. He clarified that while the violent crime rate has flatlined and property crimes have increased in Irvine, Costa Mesa's rate for violent and property crimes have decreased. (00:46:27)

Mayor Pro Tem Righeimer welcomed everyone in attendance who do not regularly attend, and commented on the city and state budgets. (00:47:55)

Council Member Leece thanked Lt. Col. Johnson for the update on the 1/5 Marines, 5th Battalion, and announced that she is proud that the city can support the battalion; announced the upcoming Military Affairs Team meeting on June 27 to discuss a banner program and monument fundraising program; asked for an update regarding the Council policy related to the Moment of Solemn of

Expression; recognized the graduates of the Think Together program and for the achieving an afterschool program in the Shalimar Avenue area; commented on the new veterans' courtyard at Vanguard University; congratulated Connell Chevrolet for their improvements and event with Barrett-Jackson; announced the upcoming Barrett-Jackson event and encouraged residents to attend; announced her attendance at a city infrastructure summit regarding cell phone towers; requested an update regarding the business license tax increase; spoke about public safety; and commented on the charter and encouraged residents to review the Magna Carta. (00:52:17)

Council Member Mensinger shared that there are no gang or graffiti problems at Estancia High School, and addressed a public comment regarding increased crime in Costa Mesa. (01:01:23)

## **REPORT - CHIEF EXECUTIVE OFFICER (CEO)**

CEO Hatch responded to comments from public speakers and provided the following updates:

1. Announced the City of Costa Mesa was recently recognized by the Orange County Grand Jury awarded with a 2012 Gold Honor Roll recognition for its efforts in transparency, particularly for employee compensation issues;
2. Indicated that a memo was provided to the Council regarding the status of emergency preparedness efforts, and the memo is available on the website for public review;
3. Announced that the city is accepting applications for the Planning Commission vacancy, and stated that the Planning Commission would review and make a recommendation, but the City Council would make the appointment;
4. Indicated a report is forthcoming regarding the General Plan outreach efforts;
5. Reminded members of the community of the 4th of July block party application due date;
6. Provided an update regarding the Moment of Solemn Expression policy and noted staff will make recommendations at a future Council meeting;
7. Announced an informational mailer is being drafted about the charter, and will be printed and mailed to every Costa Mesa address by Friday;
8. Referred to a public comment regarding a flyer distributed at the International Council of Shopping Centers (ICSC) and stated that the city does have a low business license tax rate, but staff did not make guarantees that the tax rate would never increase; and
9. Staff will present a report at a future meeting regarding the business license tax.

## **NEW BUSINESS (01:11:46)**

1. A RESOLUTION OF CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, SUPPORTING ALTERNATIVES 1 AND 2 AND OPPOSING ALTERNATIVE 3 IN THE SAN DIEGO FREEWAY (I-405) IMPROVEMENT PROJECT DRAFT ENVIRONMENTAL IMPACT REPORT/ENVIRONMENTAL IMPACT STATEMENT (EIR/EIS). (01:12:00)

Transportation Services Manager Raja Sethuraman presented the report, and provided the background and goal of the project to widen the I-405 Freeway, the details of the proposed options, costs and funding, community impacts, and the schedule of events in the process. Mr. Sethuraman also acknowledged Orange County Transportation Authority (OCTA) Board Director and Huntington Beach Mayor Don Hansen, OCTA Deputy CEO Darrell Johnson, and other OCTA staff members in attendance. (01:12:24)

Mayor Bever stated that the Council has unofficially opposed Alternative 3, and asked for a show of hands of members in the audience who are present and oppose Alternative 3; he estimated 100-150 people. (01:21:03)

Council Member Monahan stated that Alternative 3 does not offer Costa Mesa any benefits, and referred to the presentation slide titled "Community Impacts - Alternative 3" and commented on each impact. He indicated that, even though major construction activity is estimated for 54 months based on timely construction, timely construction rarely happens and the construction would take at least five years. He expressed opposition in the proposed demolition and reconstruction of the Fairview Road/I-405 Interchange, and stated that an upgrade of the bridge was completed three years ago at a cost of approximately \$7 million. Council Member Monahan commented on the number of times the Harbor Boulevard onramp has been reconstructed the unnecessary proposed connector between the I-405 and SR-73, the inability to access the High Occupancy Toll (HOT) lanes in Costa Mesa, and the lack of necessity to widen the freeway since Costa Mesa has the widest portion of the freeway and the bottleneck currently exists in Fountain Valley.

Council Member Monahan suggested the end of the resolution be revised to state, "Costa Mesa supports Alternative 2 in the I-405 Improvement Project," remove support for Alternative 1, and add, "Be it resolved that we are opposed to Alternative 3 in any way, shape, or form." He explained that the addition of one lane in each direction does not significantly improve the bottleneck and traffic in Costa Mesa, but the addition of two lanes would provide commuters with seven lanes through Costa Mesa and Fountain Valley. Council Member Monahan also directed staff to post the upcoming dates of the OCTA Highways Committee and Board of Directors meeting as well as contact information for the committee and board members. (01:21:59)

In addition to Council Member Monahan's suggestions to the resolution, Mayor Bever requested the resolution include, "Be it further resolved that the City of Costa Mesa invites OCTA to work collaboratively with the city on potential options." (01:24:42)

Mayor Bever shared his observations pertaining to the project and read the following statement: (01:25:42)

Why is OCTA ripping off the OC taxpayer? The real question is why nobody seems to be noticing this tremendous con job. Here's the pitch: Voters, vote yourself a double-digit increase in your sales tax rate for 30 years, and we'll fix and build out the county roadways and freeway systems. Sounds like a pretty good deal and Measure M helped a lot. Geez, a no brainer, right? Well, yes and no.

Everyone chipping in to keep the system in order makes sense and as we all know, you definitely know when you go in or out of Orange County, the roadways are significantly worse once you cross the county line into L.A. or Riverside Counties.

However, giving all the benefit of the expense--which for the I-405 is bloated two to three hundred percent from the advertised price--only to those who are willing to pay the extra tolls is obscene taxpayer abuse. How can that be? They'd never do that; they're our agency.

Well, in fact, OCTA is literally pushing Option 3, which fails to address the problematic I-405 bottlenecks. Option 3 would build two new lanes, both north and southbound. So far so good. That's what Option 2 would do. Sounds great. But then those two lanes would be dedicated to those who are willing to pay tolls, and I know there's a little commentary in there about three or more in a vehicle and sometimes they won't have to pay a toll, but that's during lighter traffic and that's a time when you're not really going to need to use those lanes, so that's just another little ploy. And otherwise, when traffic is heavy, there will be a toll for a family car full, and worst of all, the I-405 bottlenecks would remain. The ugly part of the ripoff is those relying on general purpose lanes--taxpayer-supported lanes--will get absolutely no new lanes from Option 3 and will lose the traditional carpool to a more riders' lane. So instead of three or four lanes and a carpool lane, there will be four or five lanes all alike -- general purpose. The benefit of that change is negligible. So Orange County voters, for the \$600 million in taxes you voted yourselves to fix the 405 Freeway, you don't get anything but the bill. This is for the most expensive \$1.7 billion option: Option 3. One has to wonder why are OCTA and the toll roads agency TCA--operators of the failing 73 Toll Road, which could conceivable \*wink wink\* tie right into the new 405 toll road. Why are they both pushing this expensive alternative, Option 3?

For nearly \$300 million fewer dollars, Option 2 provides an extra two

general purpose taxpayer-paid lanes that will benefit all drivers by removing the bottlenecks that slow traffic every day. I bet this is what most envision when they cast their votes in favor of Measure M2.

So that really begs the question, "Why would anyone support Option 3?" Option 2 has much better outcomes for the greatest percentage of the tax-paying citizenry of Orange County while Option 3 tends to benefit only those who are willing to pay twice to use public roadways.

It is also noteworthy that while Options 2 and 3 each add lanes, Option 3 spends \$300 million more to add those two exclusive use lanes. How can that be? Because it requires expensive flyovers and wrecking and rebuilding perfectly functioning three-year-old overpasses. Option 1 adds one lane north and south and costs \$1.2 billion, 100 percent higher than the Measure M2 initiative estimated. This begs the question, "Why was the estimate so weak?" How can we explain a 100 percent increase in costs a few short years after the estimates were advertised and voted on. This pricing reflects the most minimal improvement project possible, adding one lane -- twice what we voted for. The estimated costs are deficient for Option 3 by nearly 300 percent and for Option 2 by just over 200 percent. How can a recent estimate when recently relied upon for voting purposes be so far off the mark today? Sure, tolls will theoretically fund a portion of the costs but all of the involved \$600 million taxpayer dollars will go to the toll road costs as well while providing near zero benefit for the taxpayers' trouble of pulling all of those dollars out of their wallets. It's worth noting that Option 2, which is less than 50 percent funded by Measure M2, and Option 1 at 60 percent funded, both provide a benefit that all taxpayers will be able to take advantage of, while the 33 percent funded option -- you guessed it, Option 3 -- does little for most people.

To understand I-405 Option 3, consider the following:

Toll roads in Orange County never carry the full capacity. They usually carry less than 20 percent, leaving toll lanes at least 80 percent underutilized. If 405 Option 3 goes through, the net effect will be negligible improvement for general traffic and the loss of the carpool lane. That result does not remotely represent what voters anticipated when they cast their ballots in favor of this \$600 million self-taxation. OK, \$600 million is abstract, so to put it in context, it represents roughly \$200 in costs for every man, woman, and child in our entire county. One thousand dollars for every modest family -- that's what we voted for. Option 3 will cost that same modest family of five \$3,000. Does your family want to cough up three grand for a toll road so folks with extra money to spend on tolls could breeze through our clogged 405 Freeway whenever the mood strikes? This is income redistribution in reverse, which is equally abhorrent to the more commonly discussed form.

Let's say "no" to Option 3 and undertake the job of figuring out how to do what works. Let's consider scenarios which would provide taxpayers the best results for the dollar. If adding one lane is \$1.2 billion, would it make sense to add a second if you could do it for better than 50 percent off? Any bargain hunter knows that's a good deal. It's something we need and it's half off. So where does this leave us? Our best bet is to find more money to build it, and go back to bid on Option 2. It does remain one vexing question: If the 405 project was so drastically underestimated, what of the other stated projects? Is this whole Measure M2 thing a "bait and switch," delivering much less than was sold? Or was the 405 the only project to be bid this way? If so, why? Was the project estimate intentionally shorted to open a path for the failing 73 Toll Road to "come to the rescue" or, more likely, "be rescued"? Why do both OCTA and the 73 Toll Agency publicly support Option 3? Is the real plan to use our taxes to shore up a failing toll road by making it longer with \$1.7 billion in taxpayer expense? Or is the OCTA on an empire-building binge? Or perhaps it's a little of both. How does a project, which was conceived to relieve freeway bottleneck congestion, become a super expensive toll road project? And more to the point, is Option 3 even legal? Can tax dollars committed by the voters for freeway congestion reduction legally be redirected to building a toll road? If OCTA wants to build a toll road, they must sell the voters on voting for a toll road rather than robbing the taxpayers' voter-approved \$600 million in Measure M2 405 Improvement money to get the job done.

Council Member Leece asked when the High Occupancy Vehicle (HOV) lane was introduced, and Mr. Sethuraman indicated the HOV lane option was added in January 2009. Council Member Leece also noted that the Council has made it clear to OCTA that the City and, especially the residents in the north area, are not supportive of the option. (01:33:36)

Council Member Monahan reported that the Transportation Corridor Agencies (TCA) voted in favor of Alternative 3, and acknowledged and thanked County Supervisor Patricia Bates for her support in casting a dissenting vote along with him. He recounted a comment made by the representative from Irvine who said Council Member Monahan should be voting for what is best for the SR-73 and ignore what Costa Mesa wants. Council Member Monahan opined that the option is being pushed by OCTA staff since the OCTA Board of Directors has not voted yet, and reminded the public that things can be changed at the Highways Committee level and at the Board level. He encouraged public outreach to the Highways Committee and the OCTA Board to express opposition in Alternative 3. (01:35:00)

Mayor Bever thanked Council Member Monahan for voting in opposition of Alternative 3. (01:37:18)

Eloise Ott, Costa Mesa, commented on Costa Mesa's uniqueness and



spoke in opposition of Alternative 3. (01:38:02)

Terry Koken, Costa Mesa, spoke in opposition of Alternative 3. (01:40:54)

Jay Humphrey, Costa Mesa, thanked Council and staff for recognizing the issues with all three proposed alternatives, specifically the soundwalls, and reiterated that the HOV lanes would be eliminated in Alternative 3 and this may discourage commuters from carpooling. (01:42:19)

Joy Williams, Costa Mesa, asked if the Federal Highway Administration approved any of the proposed alternatives, expressed concern about potential health hazards resulting from the freeway widening and soundwalls being moved closer to residences and businesses, and commented on the use of Measure M funds for designated projects and that changes would require voter approval. (01:45:41)

Beth Refakes, Costa Mesa, agreed with comments made by the Mayor; spoke in opposition of Alternative 3 because of funding, limited ingress and egress, increased street traffic, and economic impact to local businesses along the freeway, the misleading time-savings estimate, and demolition of the Fairview Bridge; asked how the taxpayers would be compensated for the elimination of the carpool lanes paid by taxpayer monies; reiterated that the voter-approved project under Measure M did not include a toll road. (01:47:46)

Janice Baker, Costa Mesa, Nevada Avenue resident near Moon Park, expressed concern regarding the shifting of the soundwall closer to her property, which may affect the trees in her backyard and air circulation; and spoke in opposition of Alternative 3 and toll roads in general. (01:50:04)

Amber Powers, Costa Mesa, Nevada Avenue resident, expressed concern in the plan to change the configuration of the Ellis Street on-ramp (southbound I-405) in all three alternatives, which would result in the freeway lanes moving closer to private properties, the construction of retaining and sound walls, the encroachment of a footer onto private properties, and affect on the Mesa Verde North area. (01:51:24)

Katie O'Neill, Costa Mesa, Mesa Verde North resident, spoke in opposition of the I-405 project, and shared that the foundation on her property was damaged during the Fairview Bridge off-ramp widening three years ago. (01:54:20)

Sandra Genis, Costa Mesa, agreed with comments and concerns made by the council members; reiterated that the voters voted for the expansion of the I-405 Freeway and not for a toll lane using Measure M funds; stated a toll lane needs to be approved by the voters; criticized the Environmental Impact Report (EIR) and the examination of impacts in Costa Mesa, specifically the lack of acknowledgement in and impacts on

sensitive resources or land uses; urged the Council to adopt the proposed resolution as amended per discussion; and urged the pursuance of all appropriate legal remedies. (01:55:00)

Colin McCarthy, Costa Mesa, representative on the stakeholders' group, suggested dissociating from the TCA. (01:56:31)

John Feeney, Costa Mesa, Mesa North resident, expressed concerns regarding the loss of sales tax and property tax revenues, the increase of rubber dust, and speculation that the purpose of the toll lane is to bail out the investors of the SR-73 Freeway. (01:59:14)

Deborah Hall, Costa Mesa, Boston Way resident, spoke in opposition of Alternative 3, noted damage to her property foundation during the Fairview Bridge demolition and freeway widening, shared potential health concerns at the nearby schools, and opined a toll road creates a monopoly. (02:02:23)

Marshall Krupp, Costa Mesa, spoke in opposition of Alternative 3, stated that the EIR can be challenged under the California Environmental Quality Act (CEQA) as an inadequate document and staff needs to prepare a detailed review of the EIR, opined that the project will result in either a political or legal decision, stated that Alternatives 1 and 2 will impact the community and the city should ask for mitigation measures, and suggested that money be allotted in the budget for potential litigation and additional consultants staff may need. (02:05:09)

Mayor Bever clarified that staff is currently compiling comments regarding the EIR. (02:07:46)

Harold Weitzberg, Costa Mesa, suggested a joint strategy for Costa Mesa to join other cities that oppose Alternative 3 to show unification, help mitigate the cost for any one city, and for potential legal action. (02:07:51)

Matt Dickey, Costa Mesa, expressed concern regarding the loss of sales tax and property tax revenue and the effect on the city's budget as a result of moving forward with Alternative 3, and indicated that the HOT lane will bypass the city and not offer any benefits. (02:09:33)

Ernie Feeney, Costa Mesa, asked if local prominent businesses and developments support the city's opposition, commented on the lengthy time for the demolition and reconstruction of the Fairview Street bridge, and expressed concern regarding the difficulty of selling of homes in the area with the project underway. (02:10:53)

Sue Lester, Costa Mesa, agreed with the comments made by the public and Council, reiterated the need to call prominent members of the community, and suggested that local assembly district candidates be

contacted. (02:14:13)

Linda Wulfin, Costa Mesa, Nevada Avenue resident, commented on the negative impacts that the proposed alternatives would have on her property and quality of life, such as the demolition of her back wall and landscaping, the installation of a footer, the construction of the retaining and sound walls; and shared health, noise, and safety concerns. (02:15:44)

Robin Leffler, Costa Mesa, agreed with comments made by previous speakers, noted the millions of dollars that have already been spent on improvements, suggested a close review of the EIR, and reiterated the potential loss of home values and construction noise. (02:17:57)

Don Hansen, Mayor of Huntington Beach, OCTA Board Director, and Chairman of the Highways Committee, acknowledged the issues and concerns raised by the City. Mayor Hansen requested that the Council not pass a resolution, but instead, forward a letter of recommendation to the OCTA Board for consideration. He indicated that every single concern is currently being reviewed and addressed, and stated his understanding of construction fatigue in the community. He noted the outreach efforts by OCTA and announced that the comment period has been extended. Mayor Hansen explained that the community is constrained to Alternative 3 is because, through the six-year vetting process, it was determined that it was unpalatable for the Orange County community to take residents' homes. He indicated that members of the community asked that homes not be taken away, to stay within the existing right-of-way, and to not build lanes above the existing freeway. In his opinion, Mayor Hansen stated that whichever option is chosen, it will be a once in a lifetime selection. He reiterated that the expensive cost is due to the demolishment and reconstruction of the bridges. As chairman of the Highways Committee, he gave his assurance that no vote would be taken without hearing Costa Mesa's voice, provided dates and times for upcoming public meetings. He requested that the comments and concerns of the residents be documented into a letter, and processed through the Highways Committee; if the concerns are not resolved by the end of a collaborative process, then a resolution by the City Council would be appropriate. (02:19:16)

Mayor Pro Tem Rigeimer stated that the community is not opposed to improving freeways; commented on the minimal difference in the change to the number of lanes between Alternatives 2 and 3, but the significant difference in costs between them; opined that the community may not be ready for a toll lane on the I-405 Freeway; commented on the demolition of the bridge; and encouraged an option without the need to demolish the Fairview Bridge in the immediate future with an option in the future for a toll road. (02:28:11)

Council Member Leece requested staff to follow-up on the

recommendations; encouraged everyone to contact the OCTA Board and Highway Committee members; directed staff to work with local major retail areas in the city and involve assembly candidates; directed staff to review and oppose the impacts from all the alternatives related to the concerns of the Nevada Avenue residents; asked staff to hire a consultant regarding CEQA if necessary; agreed that a part of the budget should be set aside for potential litigation and that the City should work with other cities to combine efforts; and expressed disappointment that the concerns and opposition by the Costa Mesa community appear to have been ignored by OCTA. (02:37:04)

Council Member Mensinger requested that impacts to the Mesa Verde North area on Nevada Avenue and near Moon Park be addressed, opined that Alternative 2 is the best option, spoke in opposition of Alternative 3, noted the sensitivity by the community because Costa Mesa serves as a terminus to the 55 Freeway and impacts from neighboring cities, and encouraged more community outreach. (02:40:19)

Council Member Monahan expressed opposition in delaying the adoption of a resolution as suggested by Mayor Hansen, and made a motion to adopt the resolution to support Alternative 3 and support Alternative 2 only. (02:43:10)

Mayor Bever asked if the maker of the motion would add, "Be it further resolved that the City of Costa Mesa invites OCTA to work collaboratively with the City on potential options." Council Member Monahan consented. (02:43:55)

Council Member Leece asked if the maker of the motion could add language pertaining to mitigation or considerations for the issues regarding Nevada Avenue. Council Member Monahan opined that the language does not belong in the resolution, but directed staff to address the concerns and generate a list of suggestions and ideas. (02:44:10)

Council Member Leece asked Mayor Bever to explain the meaning of the sentence he requested to be added in the resolution. Mayor Bever clarified that sentence means the City is still open and interested in finding a solution to the traffic issues, but that the proposed option is not the way to proceed. (02:44:58)

Mayor Bever requested the City Attorney to provide a legal opinion regarding whether a toll road project is legal under the Measure M vote, asked for an analysis of the impacts to the city regarding disassociation from TCA, echoed comments made by members of the public to connect with neighboring cities if it is necessary to explore legal options, and asked OCTA to explore alternative options to reconstruct the Ellis Street on-ramp without making the impacts raised at tonight's meeting. (02:45:44)

Council Member Monahan encouraged members of the community to contact the OCTA Board and Highway Committee members to provide input. (02:47:16)

Council Member Leece requested information from the City Attorney regarding any legal challenges regarding CEQA. (02:47:46)

**MOTION: Adopt Resolution No. 12-40: A RESOLUTION OF CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, SUPPORTING ALTERNATIVE 2 AND OPPOSING ALTERNATIVE 3 IN THE SAN DIEGO FREEWAY (I-405) IMPROVEMENT PROJECT DRAFT ENVIRONMENTAL IMPACT REPORT/ENVIRONMENTAL IMPACT STATEMENT (EIR/EIS), and as amended to include, "Be it further resolved that the City of Costa Mesa invites OCTA to work collaboratively with the City on potential options."**

**Moved by Council Member Gary Monahan, seconded by Mayor Eric R. Bever.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Wendy Leece, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: None.

Absent: None.

The Mayor recessed the meeting at 9:01 p.m.

The Mayor reconvened the meeting at 9:21 p.m.

### **CONSENT CALENDAR (02:49:33)**

**MOTION: Approve recommended actions for Consent Calendar Item Nos. 1 through 17, except for Consent Calendar Item Nos. 2, 3, 5, 6, 7, 9, 11, and 13.**

**Moved by Council Member Gary Monahan, seconded by Mayor Eric R. Bever.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Wendy Leece, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: None.

Absent: None.

1. Reading Folder.

(a) Claims received by the City Clerk: Enterprise Rent-A-Car Company on behalf of EAN Holdings.

(b) Requests for Alcohol Beverage Control licenses: Alper Caymaz dba

Café Tria, 488 East 17th Street, Suite B 105.

ACTION: Received and processed.

4. WARRANT RESOLUTION 2425: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS, INCLUDING PAYROLL REGISTER NO. 12-12 AND SPECIFYING THE FUNDS OUT OF WHICH THE SAME ARE TO BE PAID, funding Payroll No. 12-12 for \$2,063,877.18, and City operating expenses for \$375,062, including payroll deductions.

ACTION: Approved.

8. Professional Services Agreement with Michelle Rudaitis, 2112 Colina del Arcos Iris, San Clemente, California, to provide hazardous materials disclosure services for a one-year term, in an amount not to exceed \$80,000, and with the option of extending for four additional one-year terms with any justified rate increase.

ACTION: Approved; authorized the City Chief Executive Officer and Interim City Clerk to sign.

10. Lease Agreement with the Newport-Mesa Unified School District, 2985 Bear Street, Costa Mesa, California, for the use of the Balearic Center, for a three-year term with the option of extending for five additional three-year terms.

ACTION: Approved; authorized the Mayor and Interim City Clerk to sign.

12. Memorandum of Understanding with the County of Orange for the continued use of the Countywide Public Mass Notification System (AlertOC).

ACTION: Approved; authorized the City Chief Executive Officer or his designee to sign.

14. Authorize refund of cash deposit in the amount of \$10,000 to Hp Communications Inc., 13341 Temescal Canyon Road, Corona, California, in connection with Encroachment Permit No. PS11-00238 for street improvements at Red Hill Avenue and Pullman Street.

ACTION: Approve.

15. Authorize refund of cash deposit in the amount of \$11,843 to Dannielle Schmidt, 201 North Star Lane, Newport Beach, California, in connection with Encroachment Permit No. PS11-00511 for street improvements at 942 Sunset Drive.

ACTION: Approved.

16. Renewed Measure M (M2) Eligibility.
- (a) City's Maintenance of Effort (MOE) for Fiscal Year 2012-2013.
- (b) City's Seven (7)-Year Capital Improvement Program (CIP) for Fiscal Year 2012-2013 through Fiscal Year 2018-2019.

ACTION: Approved.

17. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, AUTHORIZING APPLICATION FOR FUNDS FOR THE STATE-LOCAL PARTNERSHIP PROGRAM UNDER THE PROPOSITION 1B HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006 FOR THE RED HILL AVENUE REHABILITATION PROJECT.

ACTION: Adopt Resolution No. 12-41: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, AUTHORIZING APPLICATION FOR FUNDS FOR THE STATE-LOCAL PARTNERSHIP PROGRAM UNDER THE PROPOSITION 1B HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006 FOR THE RED HILL AVENUE REHABILITATION PROJECT.

#### **ITEMS REMOVED FROM CONSENT CALENDAR (02:50:10)**

2. Minutes of Regular Adjourned/Study Session of July 13, 2010; Special Study Session of May 17, 2012; Special Study Session of May 24, 2012; and Regular Meeting of June 5, 2012. (02:50:10)

Mayor Bever noted a correction to be made regarding the appointments to the Cultural Arts Committee at the June 5, 2012 regular meeting to place the third paragraph below the motion. (02:50:11)

**MOTION: Approve as amended.**

**Moved by Mayor Eric R. Bever, seconded by Mayor Pro Tem James Righeimer.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Wendy Leece, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: None.

Absent: None.

3. WARRANT RESOLUTION 2424: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS, AND SPECIFYING THE FUNDS OUT OF WHICH THE SAME ARE TO BE PAID, funding City operating

expenses for \$323,845.69. (02:51:21)

Tamar Goldmann, Costa Mesa, commented on the legal expenses and suggested that funds not be used on outsourcing but used to fight Alternative 3 instead. (02:51:36)

**MOTION: Approve**

**Moved by Council Member Gary Monahan, seconded by Mayor Eric R. Bever.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Wendy Leece, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: None.

Absent: None.

5. Award Request for Proposal No. 1147, Municipal Facility HVAC Maintenance at City Hall at 77 Fair Drive and Police Department at 99 Fair Drive, to Siemens Industry, Inc., 10775 Business Center Drive, Cypress, California, for Heating-Ventilation-Air Condition (HVAC) maintenance at City Hall and the Police facility, for a term of five years with the option of extending for three additional one-year terms, in the amount of \$63,128 per year. (02:53:06)

Eleanor Egan, Costa Mesa, commented on the process to award contracts and Notice of Inviting Bids and stated the current process limits the number of responses received. (02:53:18)

Council Member Monahan requested that the Request for Proposal be re-advertised for bids. (02:55:29)

Council Member Mensinger applauded staff for readvertising the RFP at the request of Council. (02:56:16)

Per request from Council Member Mensinger, Public Services Director Ernesto Munoz provided a background of the bid process, audit, and agreement. (02:56:56)

Council Member Leece asked why the agreement term is for five years. Mr. Munoz indicated that it is a standard term, but Council may choose to reduce the term. (03:02:10)

Council Member Mensinger stated that a reduction in the term of the contract would result in a higher price; Mr. Munoz affirmed. (03:02:52)

Mayor Pro Tem Righeimer spoke in support of the agreement, inquired about the contract extension process, and asked if there would be a cost to the city to terminate. Mr. Munoz explained that there is not a



termination cost to the city. (03:03:47)

**MOTION: Approve; authorize the City Chief Executive Officer and Interim City Clerk to sign; authorize the Public Services Director to approve repair and supplemental work not to exceed 10 percent of the annual contract amount**

**Moved by Mayor Pro Tem James Righeimer, seconded by Council Member Stephen Mensinger.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Wendy Leece, Council Member Stephen Mensinger

Noes: Council Member Gary Monahan

Absent: None.

6. Award Request for Proposal No. 1148, Municipal Facility HVAC Maintenance at Various Locations, to F.M. Thomas Air Condition, Inc., 231 Gemini Avenue, Brea, California, for Heating-Ventilation-Air Condition (HVAC) maintenance at 16 City facilities, for a term of five years with the option of extending for three additional one-year terms, in the amount of \$55,200 per year. (03:05:13)

**MOTION: Approve; authorize the City Chief Executive Officer and Interim City Clerk to sign**

**Moved by Council Member Stephen Mensinger, seconded by Mayor Pro Tem James Righeimer.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Wendy Leece, Council Member Stephen Mensinger

Noes: Council Member Gary Monahan

Absent: None.

7. Request for Proposal for Municipal Facilities Maintenance. (03:05:51)

(a) Reject bid submitted by Decksider Pool Service, 1547 West Struck, Unit E, Orange, California, as nonresponsive.

Jennifer Muir, Assistant General Manager for the Orange County Employees Association (OCEA) and representing the Costa Mesa City Employees Association (CMCEA), stated the new RFP was never reviewed by the RFP committee under Council Policy 100-6 nor were committee members contacted, and urged the Council to reject the RFP and readvertise for bids. (03:06:02)

CEO Tom Hatch indicated that special counsel did contact all representatives in the RFP committee, and a response was received from CMCEA President Helen Nenadal; Mr. Munoz affirmed. (03:07:19)

Ms. Muir, on behalf of Ms. Nenadal, confirmed that an e-mail was received, but there was not a meeting held. (03:08:47)

MOTION: Continue

Moved by Mayor Eric R. Bever, seconded by Council Member Wendy Leece.

**SUBSTITUTE MOTION: Approve; authorize staff to modify and re-advertise the Request for Proposal**

**Moved by Council Member Gary Monahan, seconded by Council Member Stephen Mensinger.**

The substitute motion carried by the following roll call vote:

Ayes: Mayor Pro Tem James Righeimer, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: Mayor Eric R. Bever, Council Member Wendy Leece

Absent: None.

9. Professional Services Agreements with Scott Fazekas and Associates, 9 Corporate Park, #200, Irvine, California; Bureau Veritas, 1565 MacArthur Boulevard, Costa Mesa, California; Interwest Consulting Group, 15061 Springdale Street, Huntington Beach, California; CSG Consultants Inc., 801 Park Center Drive #230, Santa Ana, California; and Melad & Associates, 8907 Warner Avenue, Suite 161, Huntington Beach, California, for building safety and fire prevention plan review and inspection services, in an aggregate amount not to exceed \$536,120. (03:12:08)

Jennifer Muir, on behalf of CMCEA, indicated that award of the agreements would be a direct violation of the preliminary injunction pertaining to the outsourcing of services. (03:12:22)

Building Official Khanh Nguyen addressed the issues raised by the public speaker and indicated that the contracts are for overflow plan check and inspection services. (03:13:46)

Council Member Leece referred to the Development Services organizational chart, and asked if the contractors would replace current city employees; Mr. Nguyen responded that the consultants would fill vacant positions. (03:16:02)

Council Member Leece expressed concern regarding potential litigation or displacement of employees. (03:17:51)

Mayor Pro Tem Righeimer requested clarification regarding which positions have already been filled by contractors. Mr. Nguyen clarified that the proposed positions are already filled by contractors with the exception of fire inspection and plan check, and that the employees are

not being laid off. (03:18:16)

Council Member Mensinger commented on the workload related to the South Coast Plaza area and asked if the City is adequately staffed; Mr. Nguyen responded that the City is not. (03:20:34)

**MOTION: Approve; authorize the Mayor and Interim City Clerk to sign  
Moved by Council Member Gary Monahan, seconded by Mayor Pro Tem James Righeimer.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: Council Member Wendy Leece

Absent: None.

11. Amendment to the Professional Services Agreement with the City of Huntington Beach, 2000 Main Street, Huntington Beach, California, for the extension of helicopter support services from July 1, 2012 through June 30, 2015, in an amount not to exceed \$300,000 annually. (03:22:12)

Council Member Leece expressed concern in the lengthy duration of the agreement term, and asked if there would be impacts to helicopter services resulting from a City of Huntington Beach ballot initiative. (03:22:20)

Captain Les Gogerty indicated there is language in the contract that allows for either city to terminate the contract with 60 days written notice, so there is no risk to the city. (03:23:02)

Mayor Pro Tem Righeimer stated that the agreement is a classic example of cities working together to save costs, and spoke in support of the recommendation. (03:24:12)

Council Member Leece spoke in support of the recommended action. (03:25:26)

**MOTION: Approve; authorize the City Chief Executive Officer and Interim City Clerk to sign  
Moved by Council Member Gary Monahan, seconded by Council Member Wendy Leece.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Wendy Leece, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: None.

Absent: None.

13. Authorize partial refund of civil citation fine in the amount of \$21,000 to Enterprise Holdings, c/o Mark Buenzli, 4361 Birch Street, Newport Beach, California, in connection Civil Citation No. 009789. (03:26:11)

Council Member Monahan opposed the amount of the fine, stated that the issue could have been resolved, and recommended that the entire amount be refunded. (03:26:23)

Council Member Leece said she had received a complaint from a business owner who had indicated that the parking was impacted as a result of the cars being parked on the streets. (03:27:15)

Mayor Pro Tem Righeimer stated he also received a complaint and indicated that Enterprise Holdings is a repeat offender. Mr. Naghavi provided further clarification that the issue has been a continuous problem over a three-year period. (03:28:08)

MOTION: Approve full refund of civil citation fine in the amount of \$51,000.

Moved by Council Member Gary Monahan, seconded by Council Member Stephen Mensinger.

**SUBSTITUTE MOTION: Approve partial refund of civil citation fine in the amount of \$21,000.**

**Moved by Mayor Eric R. Bever, seconded by Council Member Wendy Leece.**

The substitute motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Wendy Leece, Council Member Stephen Mensinger

Noes: Council Member Gary Monahan

Absent: None.

## **CITY OF COSTA MESA CITY COUNCIL ACTING AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY**

No items scheduled.

### **PUBLIC HEARINGS - 7 p.m. (Resolution No. 05-55) (03:30:52)**

1. PUBLIC HEARING: Continued from the meeting of March 6, 2012, Planning Application PA-11-03, for Kevin Coleman, for a conditional use permit to install a 40-foot long by 40-foot wide helipad/helistop on the roof

of an existing industrial building located at 3132 Airway Avenue. Environmental determination: Exempt. (03:30:58)

CEO Hatch stated that the applicant has requested withdrawal of the item from the agenda, and noted that any changes would require the public hearing to be readvertised and noticed. (03:31:45)

2. PUBLIC HEARING: 2012-2013 Community Development Block Grant (CDBG) Public Service Grant Allocations. (03:32:06)

Mayor Pro Tem Righeimer announced that he is a volunteer member on the Mercy House Board and recused himself. City Attorney Duarte suggested that the Council vote on Mercy House separately and allow Mayor Pro Tem Righeimer to return and vote on the remaining allocations. (03:32:20)

CDBG/HOME Coordinator Mike Linares presented the staff report and the recommendations made by the 3R Committee. (03:33:14)

Council Member Monahan inquired about the large item disposal program that was funded last year, but not proposed for funding this year, and asked if the program will be funded. Mr. Linares explained that the large item disposal (L.I.D.) program was funded by leftover CDBG-R grant funds, which finishes this year and consequently funds will not be available. (03:36:48)

CEO Hatch also added that the program could be funded through general funds. (03:38:25)

Mayor Bever stated that he thought the Costa Mesa Sanitary District had a similar program done annually. Council Member Monahan explained the city's program was in addition to the Sanitary District's program and it was successful. (03:38:39)

Kathy Du Vernet, Executive Director of Youth Employment Services (YES), thanked the 3R Committee and expressed gratitude to the Council for supporting YES and described the services it provides to the community youth. (03:39:27)

Erica Garcia, Costa Mesa, shared the benefits of YES and her experience in the program. (03:41:11)

Dustin Manhart, Director of Home Services at Community SeniorServ, Inc., thanked Council and staff for their support, spoke in support of the recommended allocations made by the 3R Committee, and described the services provided by the organization. (03:42:11)

Robin Leffler, Costa Mesa, shared her positive experience with Meals on Wheels. (03:47:10)

Fred Brockmiller, Costa Mesa, urged approval of the staff recommendation. (03:47:46)

Council Member Leece referred to the 10-year review of the block grants and asked why the Families and Schools Together (FAST) program has never provided any outcomes. Mr. Linares explained that the information was not provided even though it was requested. (03:48:05)

Council Member Leece recommended denying the allocation for FAST. (03:49:50)

Council Member Leece asked why Mercy House is proposed for \$19,000 instead of \$9,000 this year. Mr. Linares indicated that Mercy House is implementing a different program this year that will essentially cost more. (03:50:30)

Council Member Mensinger spoke in opposition of using federal funds for Mercy House, but supported the use of general funds. He indicated he would support the allocation, but requested that funds come from the general fund or otherwise eliminated altogether in the future. (03:54:25)

Council Member Leece asked if there is a requirement to how CDBG funds are spent. Mr. Linares explained that no more than 20 percent may be used for administration and no more than 15 percent for public services. (03:55:31)

Mayor Bever agreed with comments regarding the use of federal funds, and encouraged the non-profits to explore other funding sources available. (03:57:37)

**MOTION: Approve the recommended allocation for Mercy House in the amount of \$19,002.  
Moved by Council Member Stephen Mensinger, seconded by Council Member Wendy Leece.**

The motion carried by the following roll call vote:

Ayes: Council Member Gary Monahan, Council Member Stephen Mensinger, Council Member Wendy Leece, Mayor Eric R. Bever

Noes: None.

Absent: None.

Council Member Mensinger spoke in opposition of using federal funds to support non-profit organizations, and directed staff to find ways to replace this funding with available dollars and not borrowed funds. (04:01:42)

Council Member Leece directed staff to bring this discussion to a future study session to explore possibilities of eliminating the grant program and

allocating funds for other uses. (04:03:20)

Mayor Pro Tem Righeimer returned to the Chambers.

MOTION: Approve the following 2012-2013 CDBG allocations:

Youth Employment Services (YES) - \$19,000

Women Helping Women - \$10,000

Community SeniorServ - Home Delivered Meals - \$15,000

Serving People in Need (SPIN) - \$10,000

Mika Community Development Corp - \$7,500

Community SeniorServ - Congregate Meals - \$12,500

Alzheimer's Family Services Center - \$7,500

Community and Schools Collaboration - \$5,000

Costa Mesa Senior Corp - \$10,000

Elwyn - \$7,000

City of Costa Mesa HCD - Homeless Outreach - \$35,000

Moved by Council Member Wendy Leece, seconded by Mayor Pro Tem James Righeimer.

Council Member Monahan expressed disappointment that the two groups supporting the disabled community did not receive adequate funding, and would not support the motion. (04:05:14)

**SUBSTITUTE MOTION: Approve the following 2012-2013 CDBG allocations:**

**Youth Employment Services (YES) - \$19,000**

**Women Helping Women - \$10,000**

**Community SeniorServ - Home Delivered Meals - \$15,000**

**Serving People in Need (SPIN) - \$10,000**

**Mika Community Development Corp - \$0**

**Community SeniorServ - Congregate Meals - \$12,500**

**Alzheimer's Family Services Center - \$7,500**

**Community and Schools Collaboration - \$5,000**

**Costa Mesa Senior Corp - \$10,000**

**Elwyn - \$7,000**

**Project Independence - \$7,500**

**City of Costa Mesa HCD - Homeless Outreach - \$35,000**

**Moved by Mayor Eric R. Bever, seconded by Council Member Gary Monahan.**

The substitute motion carried by the following roll call vote:

Ayes: Council Member Gary Monahan, Council Member Stephen Mensinger, Mayor Pro Tem James Righeimer, Mayor Eric R. Bever

Noes: Council Member Wendy Leece

Absent: None.

3. PUBLIC HEARING: Fiscal Year 2012-2013 Funding Priorities for Community Development Block Grant (CDGB) and Home Investment

Partnership Program (HOME). (04:08:32)

(a) Recommended allocation for the Fiscal Year 2012-2013 Community Development Block Grant (CDBG) Application.

(b) Recommended allocation for the Fiscal Year 2012-2013 HOME Investment Partnership Grant.

(c) A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, AUTHORIZING FISCAL YEAR 2012-2013 COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME INVESTMENT PARTNERSHIP ACT ENTITLEMENT FUNDS APPLICATION SUBMISSION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, authorizing the City Chief Executive Officer to act as the official representative of the City in order to submit the Annual Action Plan, and all certificates and assurances contained therein, and directing and authorizing the City Chief Executive Officer to act in connection with the submission of the Annual Action Plan, and to approve minor changes and provide additional information as required.

(d) Renaming and conversion of the Redevelopment and Residential Rehabilitation (3R) Committee to the Housing and Public Service Grant Committee.

Budget and Research Officer Alma Penalosa presented the report. (04:08:55)

Council Member Leece asked about a suggestion to outsource the Neighbors for Neighbors program. Ms. Penalosa indicated that the 3R Committee did vote to explore outsourcing options for the program. (04:10:07)

Mayor Bever asked about for the details of the Neighbors for Neighbors program and associated costs. Management Analyst Jacquie Reeves explained the costs include the purchase of tools and supplies, and that the recommended allocation does not take into account donations received throughout the year. She indicated that the program services six to eight senior family homes in the spring, and six to eight mobile homes in the fall. (04:13:39)

Council Member Monahan inquired about the tool rental program. Ms. Penalosa explained that the program is for loan modification participants who would like to work on home projects on their own but may not have the money to rent the tools. (04:16:18)

Council Member Mensinger asked how many houses were painted last year through the Neighbors for Neighbors program and how much did the city spend. Ms. Reeves indicated 10 single family and mobile homes



were collectively painted and, while \$90,000 was appropriated, only \$77,000 was expended. Approximately \$15,000 to \$20,000 was spent on supplies and the balance was on staffing prior to and on the day of the event. (04:21:50)

Mayor Pro Tem Righeimer asked if the funding for the programs could be shifted toward other uses. (04:25:23)

Council Member Monahan asked about salary costs associated with the Neighbors for Neighbors program. (04:31:34)

Mayor Bever suggested that the Single Family Rehabilitation Loan program be modified to work with an equity share. (04:34:53)

Council Member Leece supported a study session discussion on how to restructure the program and explore alternative options. (04:37:49)

Robin Leffler, Costa Mesa, commented on the benefits of the Neighbors for Neighbors program. (04:45:30)

Mayor Bever encouraged that the Council start early in evaluating future allocations at a study session. (04:46:49)

**MOTION: Approve recommended allocation for the Fiscal Year 2012-2013 Community Development Block Grant (CDBG) Application; approve recommended allocation for the Fiscal Year 2012-2013 HOME Investment Partnership Grant; adopt Resolution No. 12-42: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, AUTHORIZING FISCAL YEAR 2012-2013 COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME INVESTMENT PARTNERSHIP ACT ENTITLEMENT FUNDS APPLICATION SUBMISSION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; and approve renaming and reconversion of the Redevelopment and Residential Rehabilitation (3R) Committee to the Housing and Public Service Grant Committee. (04:47:02)**

**Moved by Mayor Eric R. Bever, seconded by Council Member Wendy Leece.**

Mayor Pro Tem Righeimer asked if the maker of the motion would include direction to staff to bring back amendments to the policies and procedures for the Single Family Rehabilitation and Neighborhood Improvement Grant programs to convert them from grant programs to loan programs. (04:47:15)

The maker and seconder of the motion agreed.

The motion carried by the following roll call vote:

Ayes: Council Member Gary Monahan, Council Member Stephen

Mensingher, Council Member Wendy Leece, Mayor Pro Tem James Righeimer, Mayor Eric R. Bever

Noes: None.

Absent: None.

CM Leece - how much is being put in contingency fund? Bobby - \$1 million

CM Leece - what was the savings from the layoff of 4? Bobby - \$401k

4. PUBLIC HEARING: Amendment to the 2011-2012 Annual Action Plan for the use of Community Development Block Grant (CDBG) funds to fund the proposed storm drain capital project, and submittal to the U.S. Department of Housing and Urban Development. (04:49:18)

CDBG/HOME Coordinator Mike Linares provided a brief report. (04:49:23)

**MOTION: Approve**

**Moved by Council Member Gary Monahan, seconded by Mayor Eric R. Bever.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Wendy Leece, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: None.

Absent: None.

5. PUBLIC HEARING: City Budget for Fiscal Year 2012-2013. (04:51:17)

(a) A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, DETERMINING AND ADOPTING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2012-2013, IN ACCORDANCE WITH ARTICLE XIII-B OF THE CONSTITUTION OF THE STATE OF CALIFORNIA, AS AMENDED BY PROPOSITION 111 AND SENATE BILL 88.

Finance and IT Director Bobby Young presented the report. (04:51:52)

Gene Hutchins, Costa Mesa, commented on unfunded liability and expressed concern that the city is not paying it off. (04:52:51)

Perry Valantine, Costa Mesa, asked if comments were being accepted on the budget or just appropriations. (04:56:10)

**MOTION: Adopt Resolution No. 12-43: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, DETERMINING AND ADOPTING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2012-2013, IN**

**ACCORDANCE WITH ARTICLE XIII-B OF THE CONSTITUTION OF THE STATE OF CALIFORNIA, AS AMENDED BY PROPOSITION 111 AND SENATE BILL 88.**

**Moved by Council Member Gary Monahan, seconded by Mayor Pro Tem James Righeimer.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Wendy Leece, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: None.

Absent: None.

(b) A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ADOPTING A BUDGET FOR THE FISCAL YEAR 2012-2013. (04:56:35)

CEO Hatch introduced the item and addressed the proposed layoffs of four employees. (04:56:50)

Finance and IT Director Bobby Young provided the presentation, and corrected the appropriations amount in the staff report to reflect \$132,576,299. (05:00:30)

Council Member Leece recommended that more money be allotted for unfunded pension liabilities, and suggested the reallocation of sidewalk improvement and park improvement funds toward the hiring of six additional police officers.(05:09:25)

Mayor Bever expressed spoke about the percentage of general funds used on public safety, stated the need for a balance, and supported capping the amount of funds at 60 percent. (05:19:51)

Mayor Pro Tem Righeimer stated that crime is caused by those who live in the city and the type of people the City attracts, and is not contingent upon the number of officers hired. He spoke in support of the budget as recommended. (05:20:34)

The Mayor announced that a majority vote of the Council was required at this time to extend the meeting past midnight. (05:26:40)

**MOTION: Extend the meeting**

**Moved by Council Member Gary Monahan, seconded by Mayor Pro Tem James Righeimer.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer,

Council Member Wendy Leece, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: None.

Absent: None.

Council Member Monahan recommended that the police reserve officer pay be increased to \$32 an hour. (05:27:00)

CEO Hatch indicated that the salary increase could not be a part of the budget adoption, but could be considered at a later time. (05:29:05)

Council Member Mensinger supported Council Member Monahan's suggestion to increase the reserve officer pay. (05:29:53)

Perry Valentine, Costa Mesa, spoke in opposition of the proposed layoffs. (05:30:05)

Helen Nenadal, Orange, President of the Costa Mesa City Employees' Association (CMCEA), spoke about the potential layoffs and urged the Council to cancel the layoffs. (05:33:17)

Marshall Krupp, Costa Mesa, spoke in opposition of adopting the proposed budget. (05:35:05)

Jennifer Muir, Orange County Employees' Association (OCEA) on behalf of CMCEA, spoke in opposition of the layoffs and outsourcing. (05:38:15)

Sue Lester, Costa Mesa, expressed concern in the lack of budgeting for unfunded pension liability. (05:40:42)

Jay Humphrey, Costa Mesa, commented on service reductions resulting from reductions in staff, and expressed concerns in the street improvements specifically to the Eastside and Mesa Verde neighborhoods. (05:42:50)

Robin Leffler, Costa Mesa, commented on the proposed layoff of four employees and asked if the layoffs are justified or resulting from economic need. (05:45:43)

Tamar Goldmann, Costa Mesa, commented on "right-sizing" staffing levels, and encouraged the Council to approve the previously proposed budget. (05:49:04)

Mayor Pro Tem Righeimer responded to public comments made regarding negotiations with the Fire and Police associations, honoring the contracts with the employee associations, and the proposed layoffs; and spoke in support of the proposed budget.

(05:54:46)

Council Member Leece spoke in opposition of the proposed budget. (06:06:57)

**MOTION: Adopt Resolution No. 12-43: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ADOPTING A BUDGET FOR THE FISCAL YEAR 2012-2013.**

**Moved by Council Member Gary Monahan, seconded by Mayor Pro Tem James Righeimer.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: Council Member Wendy Leece

Absent: None.

The Mayor announced that a request was made by counsel to consider to New Business Item No. 2. The Council unanimously consented. (06:09:42)

**NEW BUSINESS (06:09:57)**

2. Graphics Design Services Request for Proposal (06:10:05)

(a) Professional Services Agreement with We The Creative, 2810 Villa Way, Newport Beach, California, for graphic design services in an amount not to exceed \$75,000 for Fiscal Year 2012-13, for a term of three years with the option to renew for two one-year terms.

Public Affairs Manager Bill Lobdell presented the report. (06:10:40)

Council Member Mensinger referred to the "Innovative Merit" section of the staff report, and complimented staff for moving forward with the proposal. (06:13:28)

Perry Valantine, Costa Mesa, commented on the fee proposal attachment to the staff report, and expressed concerns about the lead time. (06:16:31)

**MOTION: Approve; authorize the City Chief Executive Officer to sign upon resolution of the city's outsourcing constraints; authorize the City CEO to administratively implement a three to six month transition plan to maintain portions of graphic design services in-house; authorize staff to rescind layoff notices previously distributed to the remaining Central Services Division employees; and eliminate one of the two Graphic Designer positions effective upon the retirement of the incumbent employee**

**Moved by Council Member Gary Monahan, seconded by Mayor Pro Tem James Righeimer.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: Council Member Wendy Leece

Absent: None.

3. Reprographics Request for Proposal (06:18:49)

(a) Professional Services Agreement with Orange County Publishing Services, 1300 South Grand Street, Building A, Santa Ana, California, for offset printing, reprographics and bindery services in an amount not to exceed \$50,000 for Fiscal Year 2012-13, for a term of three years with the option to renew for two one-year terms.

Public Affairs Manager Bill Lobdell presented the report. (06:19:24)

Council Member Leece inquired about delivery, pick-up, and transportation. Mr. Lobdell responded that the services are included in the costs, and scheduling options are flexible. (06:22:02)

Jennifer Muir, on behalf of OCEA, spoke in opposition, and expressed concern that the contract may not provide cost savings. (06:22:55)

Mayor Bever clarified that savings is not the only issue being considered, but also providing better quality of service. (06:24:22)

**MOTION: Approve; authorize the City Chief Executive Officer to sign; authorize the City CEO to administratively implement a three to six month transition plan to move offset printing services and related bindery requests to Orange County Publishing Services and close the existing print shop on the first floor of City Hall; and eliminate the Offset Press Operator position effective upon the retirement of the incumbent employee**

**Moved by Council Member Gary Monahan, seconded by Council Member Stephen Mensinger.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Stephen Mensinger, Council Member Gary Monahan

Noes: Council Member Wendy Leece

Absent: None.

**OLD BUSINESS (06:24:51)**

1. Consideration to terminate contract for annual independent financial audit services with Mayer, Hoffman, McCann, P.C. (06:24:51)

Council Member Monahan announced he is a client of the firm and recused himself. (06:25:07)

Finance and IT Director Bobby Young presented the report, and stated that it would be a hindrance on staff to change auditors at this time. (06:25:26)

Mayor Bever asked if there is a disadvantage to staff in moving forward with an alternate auditor. Mr. Young responded that documents would need to be redocumented by the new auditor or recreated for the new auditor, which would take considerable staff time. (06:29:35)

Council Member Mensinger asked how long the city has contracted with the firm, if the alternate auditor is less expensive, and why the city would use the same firm for a long period of time. Mr. Young indicated that the city has used the auditor for 20 years; stated that Mayer, Hoffman, McCann is less expensive than the alternate option; and spoke on the exceptional quality of service and staff. (06:32:24)

Council Member Mensinger spoke in opposition of contracting auditing services with Mayer, Hoffman, McCann, P.C. because of its association with the City of Bell scandal, and directed staff to allow an independent group to select the auditor next year. (06:35:43)

Council Member Leece requested the representative from Mayer, Hoffman, McCann, P.C. to address issues raised by the Council. The representative addressed the City of Bell scandal, new measures for auditing, results of the Board of Accountancy's review of the firm, and increased accountability efforts. (06:37:34)

Mayor Pro Tem Righeimer expressed concern in the firm's inability to detect misappropriation of funds in the City of Bell scandal. (06:42:41)

As requested by Council Member Mensinger, the auditor provided an overview of what the auditing process entails. (06:46:42)

Council Member Leece spoke in support of retaining the current auditing firm.

MOTION: Approve Receive and file

Moved by Council Member Wendy Leece. Motion died for lack of second.

Council Member Mensinger directed staff to select an alternate firm and approve an auditing firm on an annual basis. (06:52:02)

City Attorney Duarte advised that, since the City is currently in a contract with Mayer, Hoffman, McCann, P.C., the procedure would be to direct staff to terminate the current contract. If approved, Council Monahan would be invited to return to the Council Chambers where Council may

proceed with selecting an alternate firm. (06:52:25)

**MOTION: Terminate the current contract with Mayer, Hoffman, McCann, P.C.**

**Moved by Council Member Stephen Mensinger, seconded by Mayor Pro Tem James Righeimer.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Stephen Mensinger

Noes: Council Member Wendy Leece

Absent: None.

**MOTION: Approve Professional Services Agreement with White Nelson Diehl Evans for annual independent financial audit services for a one-year term**

**Moved by Mayor Pro Tem James Righeimer, seconded by Council Member Stephen Mensinger.**

The motion carried by the following roll call vote:

Ayes: Mayor Eric R. Bever, Mayor Pro Tem James Righeimer, Council Member Stephen Mensinger

Noes: Council Member Wendy Leece

Absent: Council Member Gary Monahan

**ADJOURNMENT - The Mayor adjourned the meeting at 1:28 a.m. Next Regular City Council Meeting: July 3, 2012. (06:55:33)**

ATTEST:

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Mayor of the City of Co

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Interim City Clerk of the City of Costa Mesa

ATTEST:

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Chair of the Successor Agen  
City of Costa Mesa Redeve

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Interim City Clerk/Secretary of the Successor Agency to the  
City of Costa Mesa Redevelopment Agency