

MINUTES OF THE REGULAR MEETING OF THE COSTA MESA CITY COUNCIL

JANUARY 17, 2012

CALL TO ORDER

The meeting was called to order by the Mayor at 5:00 p.m. in the Council Chambers at Costa Mesa City Hall, 77 Fair Drive, Costa Mesa, California.

ROLL CALL

Present: Mayor Monahan, Mayor Pro Tem Righheimer, Council Member Bever, Council Member Leece, and Council Member Mensinger
Absent: None

PUBLIC COMMENTS ON CLOSED SESSION ITEMS None

CLOSED SESSION

The City Council recessed into closed session at 5:02 p.m. to consider the following items:

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 Officers Association (CMPOA) and 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
2. Conference with legal counsel regarding existing litigation: Costa Mesa Employees Association v. City of Costa Mesa, a municipal corporation, et al., Orange County Superior Court Case No. 30-2011 00475281, pursuant to Government Code Section 54956.9(a).
3. Conference with legal counsel, regarding existing litigation: Trinity Herbal Cooperative v. City of Costa Mesa (Case No. 30-2011 00479478); City of Costa Mesa v. D'Alessio Investments LLC (Case No. 30-2011 00468876); Orange County Directors Association v. City of Costa Mesa (Case No. 30-2010-00364374); and Newport Mesa Patients' Association and Tri-County Patients' Association v. City of Costa Mesa; Newport Mesa Patients' Association v. Colleen O'Donoghue, Real Party in Interest City of Costa Mesa: Orange County Superior Court Case No. 30-2010 00370142 [consolidated cases] pursuant to subdivision (a) of Government Code Section 54956.9.

The City Council reconvened at 6:44 p.m.

PLEDGE OF ALLEGIANCE - Council Member Bever

MOMENT OF SOLEMN EXPRESSION - Pastor Phyl Eyksens, The Lighthouse Costa Mesa

ROLL CALL

Present: Mayor Monahan, Mayor Pro Tem Righeimer, Council Member Bever, Council Member Leece, and Council Member Mensinger.

Absent: None

Officials Present: Chief Executive Officer Thomas R. Hatch, City Attorney Thomas Duarte, Interim Development Services Director Khanh Nguyen, Economic Development Director/Deputy CEO Peter Naghavi, Public Services Director Ernesto Munoz, Finance and IT Director Bobby Young, Public Affairs Manager Dan Joyce, Director of Communications Bill Lobdell, City Clerk Julie Folcik.

CLOSED SESSION REPORT None

ANNOUNCEMENTS (00:03:30)

"Costa Mesa Minute" was played featuring upcoming events and activities in the community.

PUBLIC COMMENTS (00:05:16)

Jay Humphrey, Costa Mesa, thanked staff for the removal of a tree near California School, and spoke about charter committees and the Council meeting videos. (00:06:07)

Beth Refakes, Costa Mesa, spoke about the proposed charter, the 19th Street Bridge, a potential 60th city anniversary celebration, and personal attacks on residents by Council members; and congratulated Dane Bora and Brad Long on their Gordon Bowley Leadership in City Government award recognition. (00:09:09)

Perry Valantine, Costa Mesa, commented on the proposed charter and a conflict of interest provision. (00:11:34)

Sheila Pfafflin, Costa Mesa, reiterated a previous speaker's comments regarding personal attacks on public speakers. (00:13:00)

Deb Haynes, Costa Mesa, spoke in opposition to the proposed 19th Street Bridge and the Banning Ranch development. (00:13:28)

Sandra Genis, Costa Mesa, expressed opposition to the 19th Street Bridge and spoke about the charter. (00:15:03)

Peter Haynes, Costa Mesa, urged Council to adopt a resolution opposing the 19th Street Bridge, and expressed opposition to the Banning Ranch development. (00:17:02)

Robin Leffler, Costa Mesa, provided an overview of Costa Mesans for Responsible Government, and commented on the charter. (00:18:08)

Michelle Simpson, Costa Mesa, commented on the charter and expressed opposition to the 19th Street Bridge. (00:21:20)

Ron Frankiewicz, Costa Mesa, inquired about the process to remove the 19th Street Bridge from the Master Plan, and spoke about revitalization of the Westside and about the charter. (00:23:16)

Tamar Goldmann, Costa Mesa, commented on the January 10 charter public hearing and about committee elections and appointments. (00:26:51)

Peter Mills, Costa Mesa, spoke about taxes and the proposed city charter. (00:30:05)

Sandie Frankiewicz, Costa Mesa, expressed opposition to the proposed 19th Street Bridge, and commented on etiquette at the council meetings. (00:32:00)

Greg Thunell, Costa Mesa, commented on the proposed charter and the outsourcing of city services, and expressed concern in the cost of attorneys. (00:35:44)

Cindy Brenneman, Costa Mesa, stated opposition of the 19th Street Bridge and the Gisler Street Bridge, commented on the personal attacks on residents, and urged the formation of a charter committee. (00:40:23)

Sue Lester, Costa Mesa, shared her positive experience at the Mesa Verde Golf Classic tournament fundraiser, inquired about the accessibility of city committee members, and expressed concern regarding the lack of medical marijuana language in the charter. (00:41:42)

Martin H. Millard, Costa Mesa, made recommendations for revitalizing the Westside, suggested a Westside revitalization committee, and spoke in support of the proposed city charter. (00:44:33)

Sandy Johnson, Costa Mesa, spoke in opposition of the 19th Street Bridge and Banning Ranch development. (00:47:32)

Mayor Pro Tem Righheimer commented on the charter process, unfunded pension liabilities, and the City's budget.

REPORT – CHIEF EXECUTIVE OFFICER (CEO) (01:00:18)

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

Referred to a public speaker's comments regarding video feeds, noted that the written minutes are the official records, and stated that gaps in video feeds rarely happen; announced that a staff report to address the 19th Street Bridge is scheduled for the February 7 Council meeting; responded to an inquiry from a public speaker regarding a 60th anniversary celebration of the city, and stated that it would be considered as part of the budget process; referred to a public speaker's comments regarding contact information for commissioners, and indicated e-mails are listed on the city's website; announced that staff will bring forward the proposal for a "19th Street West" sign; stated the Westside plans are accessible on the city's website; responded to an inquiry regarding the availability of an ombudsman to assist residents and businesses with development, and indicated that an Economic Development Director position had been created to supplement current city staff in providing development assistance; announced that suggestions for the charter would be included on the suggestions list on an on-going basis and would be available to the community, and the City Attorney briefly commented on obtaining code of ethics and elections provisions; announced upcoming meetings in Newport Beach regarding the Banning Ranch Development; announced upcoming dates for upcoming meetings regarding the budget, charter, and the Homeless Task Force; shared the start date for Assistant Chief Executive Officer Rick Francis and announced a meet-and-greet; and provided an update regarding the outsourcing and Request for Proposal (RFP) process, and indicated the current schedule and other information are on the website.

CONSENT CALENDAR (01:19:38)

MOTION: Approve recommended actions for Consent Calendar Item Nos. 1 through 7 except for Item Nos. 3, 4, 6, and 7.

MOVED/SECOND: Mayor Monahan/Mayor Pro Tem Righeimer.

The motion carried unanimously.

1. READING FOLDER

(a) Claim received by the City Clerk: David Holbrook.

(b) Request for Alcohol Beverage Control licenses: El Corazon, 1875 Newport Boulevard, Suite 210.

ACTION: Received and processed.

2. MINUTES: REGULAR MEETING OF JANUARY 3, 2012

ACTION: Approved.

5. **AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT WITH SIEMENS INDUSTRY, INC., 10775 BUSINESS CENTER DRIVE, CYPRESS, FOR HEATING VENTILATION AND AIR CONDITIONING MAINTENANCE SERVICES, AND TO EXTEND THE TERM THROUGH JULY 31, 2012.**

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

ITEMS REMOVED FROM THE CONSENT CALENDAR (01:20:20)

3. **WARRANT RESOLUTION 2402: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS, INCLUDING PAYROLL REGISTER NO. 11-26 AND SPECIFYING THE FUNDS OUT OF WHICH THE SAME ARE TO BE PAID, funding Payroll No. 11-26 for \$2,088,338.25, and City operating expenses for \$1,853,421.45, including payroll deductions. (01:20:20)**

Tamar Goldmann, Costa Mesa, referred to the legal fees and supported a restriction on legal fees.

Council Member Leece stated she did not support outsourcing, and that the legal fees could have been prevented.

MOTION: Approve Warrant Resolution 2402.

MOVED/SECOND: Mayor Monahan/Mayor Pro Tem Righeimer.

The motion carried unanimously.

4. **WARRANT RESOLUTION 2403: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS, INCLUDING PAYROLL REGISTER NO. 12-01 AND PAYROLL REGISTER NO. 11-26A AND SPECIFYING THE FUNDS OUT OF WHICH THE SAME ARE TO BE PAID, funding Payroll No. 12-01 for \$3,799.22 and Payroll No. 11-26A for \$2,125,773.63, and City operating expenses for \$845,554.10, including payroll deductions. (01:24:30)**

MOTION: Approve Warrant Resolution 2403.

MOVED/SECOND: Mayor Monahan/Council Member Leece.

The motion carried unanimously.

6. **RENEWAL OF THE USE AGREEMENT WITH HARBOR SOARING SOCIETY, POST OFFICE BOX 1673, COSTA MESA, FOR THE USE OF A PORTION OF FAIRVIEW PARK FOR RADIO-CONTROLLED MODEL AIRCRAFT, FOR A TERM OF ONE (1)-YEAR.**

Jay Litvak, Costa Mesa, expressed concern regarding endangered species at Fairview Park and opposed any laying of asphalt on the runway. (01:24:52)

In response to questions from Council Member Leece regarding the term of the agreement renewal and the paving of the flight area, Interim Public Services Director Ernesto Munoz clarified that there was no proposal to pave any of the areas, and an annual renewal in lieu of a five-year renewal would allow more flexibility for the city to review the agreement. (01:27:00)

MOTION: Approve; authorize the Mayor and City Clerk to sign
MOVED/SECOND: Mayor Monahan/Mayor Pro Tem Righeimer.

SUBSTITUTE MOTION: To extend the renewal of the use agreement for a term of five (5) years; approve; and authorize the Mayor and City Clerk and sign.

MOVED/SECOND: Council Member Leece.
The motion died for a lack of a second.

The original motion carried unanimously.

7. RESULTS OF PAYROLL AUDIT CONDUCTED BY LANCE, SOLL, LUNGHARD, LLP.

Council Member Bever expressed concern in the findings and the exclusion of a paycheck audit in the report. (01:29:56)

Council Member Leece spoke in support of the motion. (01:31:25)

MOTION: Receive and file.
MOVED/SECOND: Mayor Monahan/Mayor Pro Tem Righeimer.
The motion carried unanimously.

Mayor Monahan recessed the Council meeting at 8:15 p.m. and convened the special joint meeting of the City Council and Redevelopment Agency.

SPECIAL JOINT MEETING OF THE CITY COUNCIL AND REDEVELOPMENT AGENCY

ROLL CALL

Present: Mayor/Agency Member Gary Monahan, Mayor Pro Tem/Agency Chair Jim Righeimer, Council/Agency Member Eric Bever, Council/Agency Member Wendy Leece, Council Member/Agency Vice Chair Stephen Mensinger
Absent: None

Officials Present: Executive Director/Chief Executive Officer Thomas R. Hatch, City Attorney Thomas Duarte, Assistant Director Khanh Nguyen, Interim Public Services Director Ernesto Munoz, Finance and IT Director Bobby Young, Neighborhood Improvement Manager Muriel Ullman, Management Analyst Alma Penalosa, Agency Special Counsel Celeste Brady, City Clerk Julie Folcik.

CLERK'S STATEMENT

The Agenda and Notice and Call for the Special Joint Meeting of the City Council and Redevelopment Agency were posted at the City Council Chambers, Adams Postal Office, Headquarters Police Department, Neighborhood Community Center and the Mesa Verde Public Library on Friday, January 13, 2012.

PUBLIC COMMENTS

Jay Humphries requested confirmation regarding the \$10 million dollar loan. He wanted to know if the loan was a protected obligation and the State could not take the money or if it was still up in the air and the City should have taken the \$1.5 million. Mr. Humphries also asked when the public would have the opportunity to respond to the earlier comments made by Mayor Pro Tem/Agency Chair Jim Righeimer.

Sandra Genis asked if this would be the last meeting of the Redevelopment Agency. Ms. Brady reported the Agency could hold another Special meeting through January 31, 2012. Effective February 1, 2012, the City of Costa Mesa would be the Successor Agency to the Costa Mesa Redevelopment and the Costa Mesa Redevelopment Agency would be dissolved.

NEW BUSINESS

1. ADOPTION OF AMENDMENTS TO THE AGENCY'S ENFORCEABLE OBLIGATION PAYMENT SCHEDULE ("EOPS") AND INITIAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE ("IROPS")

Agency Special Counsel Celeste Brady presented the staff report. She reported there was one Agency resolution and a City Council motion if the Agency resolution was approved.

Ms. Brady spoke of the August special meeting that was held to prepare and approve an enforceable obligation payment schedule. She urged members to include in their motion, if approved, allowing the Finance Director to add the housing obligations and information (included in the Housing Authority Agenda item - Attachment 7) to the EOPS and IROPS. The regulatory agreements relating to affordable housing projects in Attachment 7 were enforceable contracts that needed to be included in the schedules that were being reviewed and considered for action.

The second part of the resolution pertained to the Initial Recognized Obligation Payment Schedule (IROPS) the Agency approved on September 20, 2011. There was an opportunity for the Agency to update both schedules before dissolution of the Agency and the Finance Director had prepared the necessary modifications that were appropriate at this time.

Ms. Brady advised that unless there was another special Agency meeting before January 31, 2012, tonight would be the final action taken by the Redevelopment Agency. The appropriate action would then be for the City Council to move to accept the Initial Recognized Obligation Payment Schedule. Ms. Brady mentioned staff would be returning in February with the IROPS because as the Successor Agency to the Costa Mesa Redevelopment Agency, they would have to approve the schedule and present it to the Oversight Board.

The importance of the EOPS was emphasized because the existing assets and monies on deposit with the Agency would be assumed by the Successor Agency. The funds would be used to pay the obligations during February 1 and May when the Oversight Board was formed and approved the schedules.

Ms. Brady encouraged the Agency to amend and update the EOPS and IROPS via the resolution and accept the IROPS as the City Council.

City/Agency Member Eric Bever noticed the \$1.3 million dollar payment was not in the EOPS and asked if they were foregoing the payment. Finance Director Bobby Young said the current EOPS was for the period of January to June 2012. The Agency's \$1.3 million dollar payment had been made to the City in November 2011 and was included in the previous EOPS. Council/Agency Member Bever commented there should have been a column recognizing prior payments and noted that other columns were not showing appropriate amounts. Mr. Young referred Council/Agency Member Bever to the IROPS and stated the \$1.3 million dollar payment appeared in the column for the period from October 1 to December 31, 2011.

Council/Agency Member Bever inquired about the 1901 Newport Housing Project and asked if the \$892,000 was an annual cost or a cost to file the project out. Ms. Brady reported that the 1901 Newport project had undergone changes and in 2011 staff took the project to the Agency for direction. Since the Agency opted not to cancel the contract, the money had been carrying in the Redevelopment Agency's budget for a couple of years. Depending on the Council's action relating to the housing functions, and if as a Successor Agency they desired to terminate and free up the money, those funds could possibly be available as existing fund balances to the new Housing Authority if one was formed.

Ms. Brady clarified she could not provide answers relating to the City-Agency loan as staff was still researching it. Mayor Pro Tem/Agency Chair Jim

Righeimer asked if the City had confirmed it had back-up documentation proving they were owed \$10 million dollars. Mr. Brady responded that as of today the City had not yet confirmed.

Council/Agency Member Leece asked what the acronym "TAB" Refunding 2003 stood for. Ms. Brady explained it stood for outstanding "tax allocation bonds" the Agency had that would be honored as enforceable obligations.

Council/Agency Wendy Leece referred to the EOPS and asked if the \$19 million dollars (line item #6) was the total amount of the outstanding debt. Mr. Young explained it was the total debt with interest and principal factored in. Prior to the State's action, the loan was to be amortized in 2023-24, which was supposed to be the sunset of the Agency.

Council Member/Agency Vice-Chair Stephen Mensinger asked Agency Special Counsel Brady if she could answer Jay Humphries' questions. Ms. Brady believed Mr. Humphries' question pertained to the City-Agency loan and reiterated that she did not have a definitive answer because she needed supporting documentation.

Council Member/Agency Vice-Chair Mensinger asked how documentation was lost. Ms. Brady, with all due respect, said she had not received the actual promissory notes that supported listing of the notes. Council Member/Agency Vice-Chair Mensinger asked how recorded documentation was lost. Ms. Brady clarified that a promissory was not a recorded document – a promissory note was usually kept in a vault and held as a negotiable instrument. Ms. Brady was still waiting to receive and review the formalistic loan agreements.

Finance Director Young mentioned that the documentation that was being researched dated back to 1970's. The loan was not a lump sum loan and had been amended many times. Staff was compiling paperwork and bringing it together to verify if it qualified under the statute of the law. Member Mensinger asked if staff had found the amendments and not the loan. Mr. Young said staff was pulling it together to make sure they had one complete package. Member Mensinger asked if staff had found any of the documents – Mr. Young responded in the affirmative. Member Mensinger asked how long it was going to take before staff could provide one complete package. Mr. Young did not have an answer and added staff wanted to ensure they had all the documentation so that when they returned and made a declaration on it they could support it. Ms. Brady mentioned the ultimate decision would be up to the County Auditor Controller, the Department of Finance, the State Controller's Office and the Oversight Board. Mr. Young added the City-Agency loan was on the EOPS and IROPS until a determination could be made.

Mayor Pro Tem/Agency Chair Jim Righeimer requested an explanation regarding the \$1.5 million dollars Mr. Humphries had referenced earlier. Mr. Young and

Ms. Brady provided an explanation regarding AB X1 26 and possible applicability to the claw back provision.

MOTION: Adopt RDA Resolution No. 01-2012: A RESOLUTION OF THE COSTA MESA REDEVELOPMENT AGENCY AMENDING THE ENFORCEABLE OBLIGATION PAYMENT SCHEDULE AND THE INITIAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND TRANSMITTING SCHEDULE TO THE CITY, ACTING AS SUCCESSOR AGENCY.

MOVED/SECOND: Agency Member Monahan/Vice Chair Mensinger.
The motion carried unanimously.

MOTION: Accept transmittal of the amended Initial Recognized Obligation Payment Schedule from the Agency.

MOVED/SECOND: Mayor Monahan/Council Member Leece.
The motion carried unanimously.

Council/Agency Member Wendy Leece asked if the Oversight Board could look at the \$19.4 million loan differently and scale it back to \$10 million if they were to pay it. Mr. Young advised the Oversight Board was entrusted with authorizing payments and ensuring that all debts were paid off. A payment schedule was set forth as \$1.3 million up to a certain time period. Adjusting the payment schedule would require a coordinated effort between the Oversight Board and the City. Ms. Brady mentioned the Oversight Board had veto and modification powers. They would look at what they could recognize as a loan that was validly formed within 2 years of the formation of the Agency and whether those provisions connected to current principal due and make a determination.

REPORTS

City/Agency Attorney – None

Chief Executive Officer/Executive Director - None

Mayor Pro Tem/Agency Chair Righeimer adjourned the special joint City Council and Redevelopment Agency meeting at 8:41 p.m.

The special joint meeting of the City Council and Housing Authority convened at 8:42 p.m.

SPECIAL JOINT MEETING OF THE CITY COUNCIL AND HOUSING AUTHORITY

ROLL CALL

Present: Mayor/Authority Member Gary Monahan, Mayor Pro Tem/Authority Chair Jim Righeimer, Council Member/Authority Member Eric Bever, Council

Member/Authority Member Wendy Leece, Council Member/Vice Chair
Stephen Mensinger

Absent: None

Officials Present: Chief Executive Officer Tom Hatch, Interim
Development Services Director Khanh Nguyen, City Attorney Tom Duarte,
Interim Public Services Director Ernesto Munoz, Finance and I.T. Director
Bobby Young, Neighborhood Improvement Manager Muriel Ullman,
Management Analyst Alma Penalosa, Agency Special Counsel Celeste
Brady, City Clerk Julie Folcik

CLERK'S STATEMENT

The Agenda and Notice and Call for the Special Joint Meeting were posted at the City Council Chambers, Adams Postal Office, Headquarters Police Department, Neighborhood Community Center and the Mesa Verde Public Library on Friday, January 13, 2012.

PUBLIC COMMENTS

Sandra Genis wanted to confirm that the Housing Authority would only be taking on the housing activities previously conducted by the Redevelopment Agency, and the certificates (housing vouchers, etc.) would remain with the Orange County Housing Authority. She also wanted to make sure the City Charter did not in any way affect the Housing Authority because it was a separate entity.

Sheila Pfafflin understood the need for having a Housing Authority but did not see the advantage in the Council Members becoming Commissioners. She requested an explanation as to why the Council Members would become Commissioners of the Housing Authority.

NEW BUSINESS

1. FORMATION OF A HOUSING AUTHORITY

Agency Special Counsel Celeste Brady presented the staff report. She stated that at the Special Joint meeting of January 10, 2010, staff had been instructed to return with documents for the formation of a Housing Authority in Costa Mesa to assume the housing assets and functions of the former Redevelopment Agency. Pursuant to California Housing Authority's Law and Health and Safety Code Section 34200 and following, a Housing Authority (activated by the adoption of a resolution) had to exist in every city and county in California. The current law excluded the existing housing fund balances but included the transfer of housing assets and functions. Staff was not recommending that the City assume the housing assets and functions.

Ms. Brady reported that SB 654 (Steinberg) posed to modify Section 34176 so as to allow the existing fund balance of the housing monies for the former Redevelopment Agency to be retained by the Successor Housing Agency. The City could elect to assume those assets and functions or they could select from Housing Authorities within the County. Currently, Costa Mesa did not have a Housing Authority. If the Council formed a Housing Authority, they could decide, as the City, to decline assumption of those assets and functions and select either the Costa Mesa Housing Authority or the Orange County Housing Authority to assume those housing assets and functions.

Ms. Brady provided a response to Ms. Pfafflin's question and said that a Housing Authority had additional powers, more so than a City, in relation to affordable housing. Their functions would be primarily to relate to the existing housing obligations of this community.

Ms. Brady provided an explanation on the status of SB 654.

Per Council's previous action, all contracts on Attachment 7 would be included as enforceable obligations of the former Redevelopment Agency for the State to recognize. Ms. Brady stated it would be in the City's interest to keep within the community, the decision-making and oversight of the affordable programs that would occur by forming a Housing Authority.

Ms. Brady said the first action before the City Council was a resolution to form a Housing Authority; the second action would be the first action of the Housing Authority to designate officers and adopt personnel rules, conflict of interest code. Ms. Brady said she made judgment calls within the Bylaws (third action) but the Housing Authority would be able to modify them if approved. The last two actions, if the Council did form a Housing Authority, would be the Council declining to assume the housing assets and functions and selecting the Costa Mesa Housing Authority as that function (fourth action) and finally for the Costa Mesa Housing Authority to accept the housing assets and functions (fifth action).

Council Member Wendy Leece inquired about the Housing Authority's Law requiring the governing body to appoint two resident board members (persons residing in the housing owned or controlled by the housing authority) within two years of formation. Ms. Brady reported that Housing Authorities who owned projects appointed Tenant Commissioners within 2 years of forming a Housing Authority. Housing Authorities who did not own assets, had a 2-year window to appoint a Tenant Commissioner if they chose to. The Housing Authority Law was written in a way that the Council could be designated as the Board of the Housing Authority in the first instance and become the governing body of the Costa Mesa Housing Authority if the resolution, as presented, was adopted.

With regards to Costa Mesa Family Village, Council Member Leece requested clarification regarding the annual payment requirement of \$108,000 and the \$3.8

million in potential receivables. Ms. Brady explained the Costa Mesa Family Village project was a three-party agreement between the City, the Redevelopment Agency and the developer entity. The original principal amount was \$3.8 million and based on a residuals receipts note, payments were made on an annual basis. All debt services and costs had been recovered and should there be a below-the-line profit, 50% of the residual receipts would be paid accordingly. If a Housing Authority were to be formed, it would perform and assume, as the Successor Agency, the housing functions of the dissolved Redevelopment Agency. The Successor Housing Agency would retain the money for their affordable housing functions.

Council Member Leece inquired about administrative and staffing costs. Agency Special Counsel Brady deferred to Ms. Ullman who reported staff had figured a total estimate of \$428,000 for salaries. If they received money from the Successor Agency of \$300,000 and depending on whether or not a Housing Authority was formed, the worse case scenario would be an impact to the General Fund. Staff was already developing scenarios that would reduce the amount to \$50,000 or below via staffing reductions, programmatic reductions and shifting salaries.

MOTION: Adopt Resolution No. 12-3: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, DECLARING THERE IS A NEED FOR A HOUSING AUTHORITY TO FUNCTION IN THE CITY, DECLARING THAT THE MEMBERS OF THE CITY COUNCIL SHALL BE THE COMMISSIONERS OF THE HOUSING AUTHORITY AND DESIGNATING THE FIRST INTERIM CHAIRMAN OF THE HOUSING AUTHORITY, and designate Member Jim Righeimer to be Interim Chairperson and Member Stephen Mensinger to be Interim Vice Chair of the Housing Authority.

MOVED/SECOND: Mayor Monahan/Council Member Stephen Mensinger.
The motion carried unanimously.

MOTION: Adopt Housing Authority Resolution No. 01-2012: A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF COSTA MESA, CALIFORNIA, DESIGNATING OFFICERS OF THE HOUSING AUTHORITY, ADOPTING PERSONNEL RULES AND REGULATIONS AND A CONFLICT OF INTEREST CODE AND PROVIDING FOR THE TIME AND PLACE OF HOLDING REGULAR MEETING OF THE HOUSING AUTHORITY.

MOVED/SECOND: Chair Righeimer/Vice Chair Stephen Mensinger.

The motion carried unanimously.

MOTION: Adopt Housing Authority Resolution No. 02-2012: A RESOLUTION OF THE COSTA MESA HOUSING AUTHORITY ADOPTING BYLAWS OF THE AUTHORITY (Housing Authority Resolution 02-2012).

MOVED/SECOND: Chair Righeimer/Commissioner Leece.
The motion carried unanimously.

MOTION: Adopt Resolution No. 12-4: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA DECLINING TO ASSUME THE HOUSING ASSETS AND FUNCTIONS OF THE COSTA MESA COMMUNITY REDEVELOPMENT AGENCY AND CONFIRMING THAT THE COSTA MESA HOUSING AUTHORITY WILL ASSUME THE HOUSING ASSETS AND HOUSING FUNCTIONS PREVIOUSLY PERFORMED BY THE AGENCY PURSUANT TO HEALTH & SAFETY CODE SECTION 34176.

MOVED/SECOND: Mayor Monahan/Council Member Leece.
The motion carried unanimously.

MOTION: Adopt Housing Authority Resolution No. 03-2012: A RESOLUTION OF THE COSTA MESA HOUSING AUTHORITY ACCEPTING THE HOUSING ASSETS AND FUNCTIONS OF THE COSTA MESA REDEVELOPMENT AGENCY.

MOVED/SECOND: Chair Jim Righeimer/Commissioner Leece.
The motion carried unanimously.

Council Member Wendy Leece asked how often the Housing Authority would meet. Ms. Brady reported the Housing Authority meetings in the Bylaws were set to be concurrent with the City Council meetings but the dates could be modified as needed by the Housing Authority Commissioners.

Council Member Stephen Mensinger asked if the net cost to the General Fund would be \$300,000. Ms. Ullman reported staff took the current budget and deducted what would be available to the Successor Agency. Based on the current legislation it could be as much \$300,000 but staff was already looking at reducing the amount. Council Member Stephen Mensinger asked how staff was planning on reducing the amount. Ms. Ullman reported if SB 654 passed and they received the obligated housing money there would be no issues this year. However, if SB 654 did not pass, they would have to look at a reduction in staff and programs. Council Member Stephen Mensinger asked when staff would know the status of SB 654; Ms. Ullman said within the next 2 weeks. Ms. Brady added SB 654 had good traction.

Chair Righeimer adjourned the special joint City Council and Housing Authority meeting at 9:02 p.m.

The Council reconvened the regular meeting at 9:03 p.m.

PUBLIC HEARINGS - 7 p.m.

- 1. PUBLIC HEARING: CONTINUED FROM THE MEETING OF DECEMBER 6, 2011, APPEAL OF PLANNING COMMISSION'S DETERMINATION REGARDING DEVELOPMENT REVIEW DR-99-22 A2, FOR PACIFIC LAND SERVICES, FOR THE AMENDMENT OF THE CONDITION OF APPROVAL FOR TARGET COSTA MESA'S WINTER HOLIDAY HOURS AS FOLLOWS: 12**

MIDNIGHT TO 11 P.M. THE DAY AFTER THANKSGIVING; AND 7 A.M. TO 12 A.M. THEREAFTER UNTIL NEW YEAR'S DAY. CURRENT APPROVED HOLIDAY HOURS ARE 7 A.M. TO 11 P.M. MON. - FRI., AND 8 A.M. TO 11 P.M. SATURDAY AND SUNDAY FROM THE DAY AFTER THANKSGIVING TO NEW YEAR'S DAY. ENVIRONMENTAL DETERMINATION: EXEMPT. (02:17:29)

ACTION: Withdrawn.

2. PUBLIC HEARING: CONTINUED FROM THE MEETING OF NOVEMBER 1, 2011, REVIEW OF PLANNING COMMISSION'S DETERMINATION REGARDING PLANNING APPLICATION PA-11-22, FOR PEAK WEST DEVELOPMENT LLC, FOR A DESIGN REVIEW WITH A VARIANCE FROM MAXIMUM NUMBER OF STORIES AND BUILDING HEIGHT (2 STORIES/27 FT. MAX. ALLOWED; 3 STORIES/44 FT. PROPOSED) AND DEVIATION FROM THE CITY'S RESIDENTIAL DESIGN GUIDELINE FOR 2ND AND 1ST FLOOR RATIO (80% MAXIMUM RECOMMENDED; 86% PROPOSED) FOR A NEW 23,109 SQUARE-FOOT COMMUNITY BUILDING WITH BELOW-GRADE PARKING FOR TENANTS OF BOTH VILLA VENETIA AND PINE BROOK VILLAGE APARTMENTS IN AN R3 (MULTIPLE-FAMILY RESIDENTIAL DISTRICT) ZONE. THIS IS A REVISED SUBMITTAL FROM THE PREVIOUSLY PROPOSED BUILDING HEIGHT OF 61 FT. UNDER PLANNING APPLICATION PA-11-15. ENVIRONMENTAL DETERMINATION: EXEMPT. (02:18:28)

Associate Planner Wendy Shih presented the report. (02:19:48)

Discussion ensued regarding the need for Council approval and if the project could be approved administratively.

Ellen Ducote, Costa Mesa, spoke in opposition of the project and suggested that units be updated instead. (02:29:19)

Harold Ducote, Costa Mesa, expressed concern in Peak West's business registration and ability to conduct business in California, and urged staff to send the proposal back to the Planning Commission. (02:32:09)

Robin Leffler, Costa Mesa, on behalf of the Mesa Verde Community Inc. Board of Directors, spoke in support of the revisions made to the Planning Application. (02:33:56)

Diane Bjelland, Costa Mesa, expressed concern regarding the aesthetics and traffic impacts from the delivery trucks. (02:37:05)

Diane Williamson, Costa Mesa, expressed concerns regarding traffic and noise from the security gate, and suggested the operation of the gate be restricted to certain hours. (02:38:33)

Saeed Ahdout, Costa Mesa, expressed concern in the noise and air pollution generated from the construction. (02:41:52)

Gene Hutchins, Costa Mesa, commented on the process. (02:44:45)

Sandra Genis, Costa Mesa, spoke about the initial application, and urged Council to address the formal withdrawal of the variance. (02:48:48)

In response to questions from Council regarding the compliance of the Planning Application, the City Attorney advised that Council could provide direction for staff to bring back the report, or receive and file. (02:51:12)

Gary Polodna of Peak West Development addressed concerns of the residents and responded to questions from the Council regarding deliveries, parking, landscaping, traffic, and the access gate. (02:51:45)

MOTION: Receive and file.

MOVED/SECOND: Mayor Monahan/Council Member Leece.

The motion carried unanimously.

Mayor Pro Tem Righeimer recessed the meeting at 9:49 p.m.

The Council reconvened at 9:57 p.m.

OLD BUSINESS **None**

NEW BUSINESS

1. REQUEST BY APPELLANT FOR WAIVER OF CITY COUNCIL APPEAL FEE FOR DEVELOPMENT REVIEW DR-99-22 A2 FOR THE MODIFICATION OF WINTER HOLIDAY HOURS FOR TARGET COSTA MESA. (03:11:27)

Tamar Goldmann, Costa Mesa, spoke in support of the refund request and opined that the appeal fee is excessive. (03:12:18)

Council Member Mensinger agreed with the public speaker's comments. (03:14:22)

Mayor Pro Tem Righeimer commented on the appeal process, costs, and fee; and supported the refund. (03:15:48)

Council Member Leece shared her reasons for not filing the request for review, and spoke in support of the motion. (03:17:14)

MOTION: Approve refund of the appeal fee.

MOVED/SECOND: Mayor Monahan/Mayor Pro Tem Righeimer
The motion carried unanimously.

2. **MAYOR'S CHARITY DINNER. (03:18:39)**

Interim Public Affairs Manager Dan Joyce presented the report, and addressed concerns regarding the allocation of received donations and designation as a charity event. (03:18:55)

Council Member Mensinger suggested that the non-profit groups host the event in the same manner that the youth groups host the Costa Mesa United Mesa Verde Golf Tournament, and the proceeds would go to the host groups.

Tamar Goldmann, Costa Mesa, spoke in opposition of the event and opined that the timing is wrong.

Eleanor Egan, Costa Mesa, suggested that charities be explicitly designated and that the word "charity" be removed if organizations have discretion regarding how the funds would be used.

Dave Brooks, Costa Mesa, on behalf of CM 900, spoke in support of the event.

Diane Pritchett, on behalf of South Coast Metro Alliance, spoke in support of the event.

Ed Fawcett, on behalf of the Chamber of Commerce, spoke in support of the event.

Sandra Genis, Costa Mesa, supported the idea, but cautioned the event being held during the election season.

Robin Leffler, Costa Mesa, suggested that the event be called a "fundraiser dinner."

Mr. Joyce explained that the "Mayor's Charity Dinner" is just a working title, and can be changed later.

Council Member Leece spoke in support of changing the name.

MOTION: Direct staff to proceed.

MOVED/SECOND: Mayor Pro Tem Righeimer/ Mayor Monahan.

Council Member Bever expressed concern in the possibility of a city-appointed committee to plan the event.

SUBSTITUTE MOTION: Receive and file.

MOVED/SECOND: Council Member Bever/Council Member Leece.

The motion carried unanimously.

COUNCIL MEMBER' REPORTS, COMMENTS, AND SUGGESTIONS

Council Member Leece spoke about the 19th Street Bridge; urged residents to continue providing feedback regarding the proposed charter; indicated that Save Our Youth had recently lost a major donor; announced a new program from MIKA on Wilson Street for access to an afterschool program; spoke about property management strategy on Philadelphia Street; announced a pamphlet about markers along Newport Boulevard was available through the Historical Preservation Committee; and asked the City Attorney to review a policy for texting on the dais.

Council Member Mensinger spoke about the Mesa Verde Classic, thanked everyone involved, announced that a gross amount of \$140,000 was raised, and noted 384 members of the community in attendance at the dinner and golf tournament; requested staff to look into revisions for a revitalization plan for the Westside; and commented on the 19th Street Bridge.

The Mayor adjourned the meeting at 10:54 p.m.

MAYOR

Brenda Green

INTERIM CITY CLERK