

is only in the preliminary stages of considering adding territory to the existing Redevelopment Project Area. He outlines the major steps already accomplished and what is ahead to complete the process. Blight was defined and various ways described how redevelopment can mitigate such conditions. Actions requested this evening are the establishment of authority to acquire property, and the establishment of a Project Area Committee (PAC) - a requirement of state law. As part of the process, an Environmental Impact Report will be completed, plus a Preliminary Report that reviews economic and physical conditions within the Project Area, and which identifies funding available through the City to help remedy negative conditions found within the Project Area. A series of other processes will be culminating with a joint City Council/Redevelopment Agency public meeting to hear public testimony and consider adoption of an Ordinance. Public outreach, workshops and round table discussions will continue; an informative web-page and brochures are also available. Mr. Huffman encouraged visitations to the store front at the Police Sub-Station where staff is on hand for one-on-one discussions on this process.

Mr. Tillberg described the blight discovery process. The California Community Redevelopment Law (CCRL) must be adhered to, and states in order to be made a part of a redevelopment area, the area must be predominantly urbanized. Any blight found must be prominent and substantial, and a burden on the community. He outlined the necessity of the existence of certain findings and, through photographs, demonstrated examples of what might be considered blight.

Messrs. Huffman and Tillberg continued their presentation by covering zoning, subdivision, incompatible uses, irregular sized parcels, overcrowding, high crime, graffiti, garage conversion, obstruction of rights of way, etc. The community was encouraged to review the feasibility study for further detail. They described the methodology used to score and assess the blight indicators/ report, and markers used to study retail/residential vacancy concerns.

Not all parcels within the Redevelopment Area must be blighted; however, they should not be “carved out in an individual checker-board fashion”. There is focus specific on certain types of issues. The consultants, staff and property owners will work together to gain access to properties to further substantiate the conditions identified or to establish the inadequacy of such conditions. Data used to establish certain conditions (“determination of necessity”) was outlined.

Mr. Huffman explained why the industrial property owners participated in initial two round-table discussions. Nine principal issues were identified: Will there be rezoning of properties? Response: no; Why is redevelopment needed? Response: infrastructure, public facilities, housing assistance and economic development. Are taxes going to increase? Response: no – redevelopment is a tool to focus on existing and new property tax revenues on an area that needs it. These are property taxes that are already levied against the property (1% rate if in the area/1% rate outside the area). All entities receiving those taxes agree, for a period of time, those taxes are to be focused in a particular area. Taxes increase but tax rates do not. What happens to my property title after the amendment is adopted? Response: a recorded statement on property titles is made of that land sales transaction. Do property values fall in a redevelopment area? Response: Mr. Tillberg presented graphics and outlined data indicating that the existing Project Area sale values relatively tracked the balance of commercial sales in the southern portion of the

City, and they did not fall. If property values in the Project Area remained the same or even plummet, there would be no redevelopment activity in the state because redevelopment is funded from existing property taxes. Sales values in the existing Project Area did trend the balance of the southern portion of the City.

Mr. Huffman announced eminent domain will not be discussed further this evening because a Resolution is being considered. Approximately three percent of the City's budget is the Redevelopment Agency's budget and money is being taken from other public agencies. For the life of a redevelopment plan and a few years beyond, redevelopment agencies are able to collect a share of the incremental increase of property values, either through sales, improvements or through new development on a vacant parcel. It is not a new tax.

Mr. Huffman concluded UFI's presentation by outlining "what is next" – a list included in the staff report.

Mr. Huffman projected an advertisement published in the Daily Pilot which made a number of statements: an increase in property tax revenue; the Redevelopment Agency carries a \$41 million debt; eminent domain will be used to acquire groups of properties for larger more productive land bays; there will be a loss of property, millions of dollars of additional debt and funds will be diverted. Tax increases and millions of dollars of diverted property tax are at stake. He responded to each: taxes will not increase; debt facilitates needed community facilities; groups of properties will not be acquired through eminent domain –such a statement has never been made; records show eminent domain has been minimally used in thirty years; additional debt is Redevelopment Agency's obligation; state services are not directly affected; any tax increase require two-thirds majority vote in favor; Redevelopment funds stay in the community; Redevelopment Agency does not increase tax rates or impose new taxes.

Chairperson Steel thanked UFI for its presentation. Agency Member Robinson expressed concern over the Daily Pilot advertisement and felt it important UFI's written response be made available to everyone present at this evening's meeting and to those who wished a copy.

Agency Member Cowan said she really appreciated the presentation made this evening. She had several questions to ask of UFI. She believed positive things could come from redevelopment but was skeptic. She asked if the Planning Commission could have recommended denial of the recommended territory or suggested different territory? Special Counsel Brady responded the Preliminary Plan needs to be approved by the Planning Commission. It does have the purview to change or accept changes in the proposed preliminary boundaries of the added territory, and changes can be made all the way to the joint public hearing. In fact, the Planning Commission did suggest adding parcels to the proposed boundaries. It could not have denied the additional project area; it is required to select proposed boundaries from within the proposed survey area. The Redevelopment Agency can reject the submittal from the Planning Commission but the Planning Commission has a responsibility to act on the Preliminary Plan. Through meeting minutes and conversations with Commissioners, Agency Member Cowan said she did not think the Planning Commission understood it had the option of denying territory or recommending not expanding the existing redevelopment area.

Special Counsel Brady restated the Planning Commission had added parcels. It was to select some areas from the proposed Survey Area. The Preliminary Plan has been approved by the Planning Commission and submitted to the Redevelopment Agency. The action is to accept its submittal and then to initiate certain actions. The actions are necessary at an early point in the process to evaluate and understand what the potential policy might be relating to an acquisition policy because a Project Area Committee (PAC) may not be required. The proposed resolution states the Redevelopment Agency is to accept the submittal of the Preliminary Plan. Approval is not necessary because it has been approved by the Planning Commission. A Project Area is declared when all the activities listed by UFI is completed (usually a nine to eighteen month process) and an ordinance is presented to the Redevelopment Agency at a joint public hearing – to either amend or establish a new Project Area. After the joint public hearing, a notice is mailed to every resident, business, existing community organization, etc. This is when a Redevelopment Project Area is adopted or an Amendment is declared.

Agency Member Cowan referred to the existing Redevelopment Area and questioned if it could be considered a success with the continued growing debt. She wondered what the goal and original “vision” was for the existing project area, and where the City is in terms of having accomplished that goal. Planning and Redevelopment Manager Robinson responded the original Redevelopment Plan had three primary goals: to resolve circulation deficiencies; improve public facilities, and provide affordable housing. The Redevelopment Agency was established with a forty year timeline and will cease to exist in year 2013. It will be necessary for the Redevelopment Agency to determine within the next ten years if there are additional projects it wants to implement to meet those original goals.

Agency Member Cowan said she wanted to look into any benefit in refinancing the current debt, and requested assurances that funds will be available to accomplish what has been projected in light of the governor’s recent action to take back redevelopment agencies money. Mr. Huffman responded there are a number of proposals at state level to have redevelopment agencies assist in making up the huge budget deficit including a moratorium on new plans or debt being issued. It is thought redevelopment agencies should be responsible for backfilling school districts, or make donations to the Education Revenue Argumentation Fund to help make up for the state’s inability to fund schools. In the past, redevelopment agencies, cities, special districts, counties, have all made contributions to this Fund; Costa Mesa’s Redevelopment Agency contributed to that fund for a few years but this has ceased. Effective this calendar year, redevelopment agencies are again making contributions but it will be temporary, and at anticipated increased amounts. At this point, however, it is all speculative.

Mr. Huffman confirmed only urbanized areas to the 20-80% ratio can be considered within the blight definition. UFI has not completed an economic study but provided projections as part of the feasibility analysis; Mr. Tillberg outlined those projections, based on different scenarios. Indicators suggest economic issues that underlie physical problems. “Why” is not known; it will take time to determine those facts. UFI’s mandate is to address creating a Project Area and providing evidence of blight; therefore, an analysis has not been done to show what the impact would be on the City should certain conditions be evident to eliminate an industrial base on the Westside. In response to Agency Member Cowan’s

concern with declaring a preliminary area at this time without further information, Mr. Tillberg responded it is highly probably angst will be created whenever the Redevelopment Agency decides to expand the Project Area or not. Redevelopment is a value neutral tool giving an opportunity for the City and other taxing entities to parlay incremental property taxes to solve a problem, i.e., blight. The solution is up to the Redevelopment Agency during the thirty year span.

Special Counsel Brady interjected to clarify that the current Redevelopment Agency does not need to take any action if it does not want to proceed, and such direction can be given. Mr. Huffman affirmed what UFI has presented is just a point of beginning. No one is suggesting the area presented will be the final Project Area. The process involves the whole community, and the discussion should be "how is the tool of redevelopment to be used - or not used at all?" Mr. Huffman presented the opportunities throughout the process to refine the area; however, once a preliminary boundary is defined and approved and taxing entities are notified, he stated it becomes difficult without returning back to the beginning.

Mr. Tillberg responded to Agency Member Cowan's question concerning benefits to individual property owners if their properties are included, by stating the Redevelopment Agency is able to use funds to "encourage". A basic advantage to any private property owner is improvement of the public rights of way, and financing opportunities for any kind of development/improvement of private property. If there are code enforcement issues, the Redevelopment Agency can assist the property owner to bring that property into conformance with City regulations.

Agency Member Cowan suggested if the number of people as present this evening had turned out for either the Westside Specific Plan process or to any of the Community Redevelopment Action Committee (CRAC) meetings, the City could be well on its way to establishing some kind of "vision" for the Westside or the community as a whole. Everyone present is a "stakeholder" in the community. The City is criticized for the conditions and quality of life on the Westside but not a lot is heard about "vision". In her opinion, the Redevelopment Agency is a long way from making a final determination, and she remains skeptical.

Agency Member Monahan asked if sales taxes would remain in the area. Mr. Tillberg responded sales tax remains with the City and goes to the General Fund.

Agency Member Robinson referred to the economic blight issue, and asked why such information is unavailable when a Preliminary Plan is being presented for approval. Mr. Tillberg responded time is the issue. Approval of the Preliminary Plan is to identify the area of study, and then the analysis goes forward to a Preliminary Report which is the document distributed to all the taxing entities. If a complete analysis of the geography is done now, later on when the Preliminary Plan is approved, the geography could be different and, therefore, damage the credibility of the analysis.

Mr. Huffman outlined the economic analysis previously provided and referred to various indicators included in UFI's presentation. He confirmed Agency Member Robinson's understanding as correct, in that the adoption of the Preliminary Plan does not in any way bind the Redevelopment Agency to the areas approved this evening. If determined at a later date through the public hearing process and UFI's further

analysis, areas should be removed. Again, he confirmed there is no tax increase to any person residing or working in the City if this Preliminary Plan is adopted this evening, and there will never be a tax increase to any citizen of this community as a result of the adoption of this Preliminary Plan.

Planning and Redevelopment Manager Robinson reported the Redevelopment Agency started “on this road” as the result of the Westside Specific Plan which looked at an area consisting of approximately eighteen hundred acres. UFI was directed to do the original feasibility study; at that time, the Redevelopment Agency decided it should identify a smaller area of approximately nine hundred acres. Upon completion of the feasibility study, the Redevelopment Agency adopted a Survey Area of approximately six hundred acres. UFI, after analysis, recommended only four hundred thirty four acres be put in the Preliminary Plan and Preliminary Added Territories. The process has been focusing down, and this will continue through the process. The Preliminary Plan is only one point to be completed in the Plan Adoption process – it is very general, and simply indicates an interest in doing redevelopment in an identified area.

Agency Member Cowan referred to layer No. 3 “Parcels recommended for effective redevelopment (colored blue on map). She asked for an explanation of this statement. Mr. Huffman responded state law says an agency may include parcels that are not blighted but can be included for purposes of “effective” redevelopment. UFI’s interpretation is “integrated planning”. If the property is contiguous and provides a benefit to all the affected properties, it is very important to the planning process.

RECESS

Chairperson Steel declared a recess at 8:40 p.m. and reconvened the meeting at 9:10 p.m.

Chairperson Steel outlined guidelines for the public comment period. Because of time constraints, each speaker will be limited to three minutes; speakers must fill out a blue card with full name and address, and identify their city of residence. Speakers should state if they support or oppose the Preliminary Plan. A written response to each speaker will be mailed. He hoped when staff corresponded with everyone in the room and those affected property owners, they would include colored maps showing the original territory and the added territory proposed by the Planning Commission. He wanted to give reassurance that no one wants to confiscate properties. UFI will respond in writing to what has been stated this evening. The meeting will be adjourned at around 11:30 p.m., and if necessary, continue next month. The time and place will be announced.

Agency Member Monahan questioned if the Preliminary Plan area was modified, must it go back to the Planning Commission for approval. Special Counsel Brady responded the Planning Commission and Redevelopment Agency are statutory required to cooperate in the formulation of the Preliminary Plan and the establishment of the Proposed Project Area boundaries. If there is a change in the proposed boundaries already approved by the Planning Commission on January 22, 2003, then the changes require the consent of the Planning Commission.

Agency Member Monahan referred to the north western end of the current Redevelopment Area and asked if north Newport Boulevard, west Ford Road and back over Parsons was in the original study area. Mr. Huffman

confirmed it was, and could be added. The original commercial corridor along 19th Street was the first area looked at for the feasibility study.

Agency Member Monahan spoke to the concern of the success of the existing Redevelopment Area. He suggested looking at how it was thirty years ago. At this time, he had only the desire to extend the corridor down 19th Street including residential properties one block to the south, as recommended by the Planning Commission. He voiced disagreement with Chairperson Steel's announcement that no action would be taken this evening, because members of the audience would have to return in April. Chairperson Steel responded he made the announcement because he was concerned over the time involved to hear all speakers; he suggested "playing it by ear".

PUBLIC COMMENT

Curt Herbert, resident of Newport Beach, owner of Pacific Realty Group, 234 E 17th Street, Suite 118, Costa Mesa, and owner of four pieces of property in the original redevelopment area, spoke in opposition of redevelopment. Triangle Square and the project across from it are almost empty because of parking conditions. Balboa Island is blighted and made up of small lots worth millions of dollars. According to UFI's interpretation, the whole of Costa Mesa is blighted.

Joseph Garcia, the Castle Company, real estate, resident of Newport Beach, asked for the anticipated date of the goal, and what does the finished model represent - another Newport Beach?

Mike Evans, resident of Fountain Valley, owner of Evans Plumbing, 1720 Whittier Avenue, Costa Mesa, said he had a business in Costa Mesa for 25 years. He felt Agency Member Cowan made an accurate statement concerning the Planning Commission being unaware it had to go forward with the Redevelopment Plan. The City Attorney specifically said although the area could be amended, the only recommendation could be to go back to the City Council. He asked the Redevelopment Agency to rethink "this". UFI said the only way redevelopment gets money is through tax increments; however, bonds can be sold, privately, and without City vote. He asked the City Council to reevaluate its plans in the Redevelopment Area. Based on Gray Davis comments, moneys to redevelopment are being cut because of state debt. Orange County Supervisor Norby is against redevelopment \$1.9 billion dollars incremental taxes, only 22% actually went to redevelopment. Mr. Evans urged revitalization of the Westside instead of redevelopment.

Bonnie Copeland, 904 West 19th Street, Costa Mesa, voiced concern that the City Finance Department has no record of UFI being licensed to do business in the City, and should be removed from the project and barred from contracts for a reasonable length of time. A competent firm should report publicly on UFI's performance. She was concerned about overburdened tax payers.

Howard Lee, resident at 904 W. 19th Street, Costa Mesa, and works in the area – said homes in the commercial corridor mentioned by Agency Member Monahan, have been changed from transitional residential to residential only. He believes it is not a blighted area - in the past, people were not keeping the area up. Although a main thoroughfare, there are still no sidewalks in the area. Residents believe this is because the City is afraid it may have to tear them up again for another purpose.

Harvey Berger, lives in Costa Mesa but works in Newport Beach. Representing property owner – 931 W. 19th Street, Costa Mesa, a developer who owned property in the City for thirty years. When first purchased, the area was really blighted. It is very shortsighted and unfair to take West CM today and say it has not been redeveloped through its normal development over time. UFI presented a lot of facts in its presentation but only promoted its own point of view. There is tax diversion. Last year, the courts agreed. He read from an article concerning the Placentia/Yorba Linda School District suit against the Yorba Linda Redevelopment Agency for lost revenues. If a house is officially declared blighted, it is state law that the buyer be informed and it is part of a redevelopment. No one knows what will happen to that house in the future, compared to the house across the street not in the redevelopment area. To say there is no devaluation of these properties is a “lie”.

Patrick Conlon, owns a business on 19th Street and is a resident at 770 W. 19th Street, Costa Mesa. Both he and his father are against redevelopment. Triangle Square is a joke with all the debt associated with the project. West Costa Mesa is a viable economic center – a lot of commercial/service companies are vital to employment. He deserves freedom to develop his property in his own way with his own resources. Utility trenching continues in front of his property after six months but will ultimately be an improvement. The Westside can improve itself without government. There is hardly any undeveloped land in City.

Alexander Hernandez, 870 West 19th Street, Costa Mesa, business and property owner, and CRAC member, stressed lack of communication between the Redevelopment Agency and Westside property owners regarding zoning change and possible eminent domain issues. Previous action concerning rezoning the Westside Transition Zone Ordinance GP-02-01 consisted of 31 homes zoned commercial and residential use. This unique situation was removed without consent of property owners. Over 400 signatures were collected in opposition but of compensation and land dedication issues were ignored. He is still waiting for a response from the Planning Department. He asked what about City financing for improvements to individual properties. Mix used, medium low density housing with more open space, will probably preserve the more eclectic nature of the Westside Bluffs.

Tom Keefer, 433 Ogle Circle, a 54 year resident of Costa Mesa, and owner of a business at 127 Industrial, said he was surprised Rodney King was quoted; he preferred the Benjamin Franklin words “Gentlemen, we have a republic if you can keep it”. The City brought in blight through food lines, housing for drug addicts, etc., which is now being blamed on the people who make the community a worthwhile place to live. If private enterprise cannot build business, maybe it should not be done. He hoped the Planning Commission and City Council will kill redevelopment.

Carol Ann Burr, resident at 1712 Whittier Avenue, Costa Mesa, since 1953, stated opposition to redevelopment. Over 50 years ago, residential zoning was changed MG status, is now referred to as a blighted area on the Westside. It is hoped to capture property for expensive bluff homes and condominiums. Long term residents and business owners should not be penalized for lack of long term vision by City planners and government. 44 of the 66 blight indicators are code enforcement issues. Deeds of title will be recorded as located in the Redevelopment Area. Deflected tax dollars will reduce services provided by Police/Fire Departments and Homeland Security, and funds for schools, libraries and other public services necessary for City function will be seized.

The Planning Commission determined there was no pass-through agreement for the Newport-Mesa School District. Bonds can be floated without voter approval. The debt level has no relation to the level of blight in the Redevelopment Plan. Eminent domain gives the Redevelopment Agency added powers to condemn private property.

Paul Andrew lives and works in Costa Mesa. He asked for a show of hands of those in favor of redevelopment – and announced only one was raised. He opposed himself, and wanted to go on record not many meeting attendees are for redevelopment. Does not want to give full power to the Redevelopment Agency. Code Enforcement, private entrepreneurs redeveloping the area, and citizens participating in the Planning Commission process should be empowered. He and some of his clients wanted to go on record that in a court of law, expert witnesses will successfully through EMI designation challenge the majority of the redevelopment assumptions. He does not want City funds wasted on litigation. He felt traffic flow redirection in the Shalimar and Freedom Homes region was a best example of funds spent on the Westside. He asked the City Council to continue using the Planning Commission and not adopt a radical redevelopment plan.

Dennis Patterson, 696 Darryl Street, Costa Mesa, urged the Planning Commission to not accept the incomplete and inaccurate UFI report. He referred to UFI's slides presentation and commented on its accuracy. Joann Street improvements are not reported. Everything on Joann Street was taken down to the rock bed last fall, and new asphalt poured; however, it is still shown on the map as a blighted area. He urged a vote against acceptance of the Plan.

Jeff Chapman, 2264 Pomona Avenue, Costa Mesa, in the original survey area voiced total opposition to the Plan. Referenced Page 8 of the Preliminary Plan: "In reality less than 25% of the properties...". He asked if only 25%, why does the whole area need improvement? The City is reducing parking – an example: street sweeping on both sides, on the same day.

Hildegard Gonzalez, resident at 1932 Pomona Avenue, Costa Mesa, for 18 years, felt sure eminent domain is involved. Many blighted areas exist because the City Council and Planning Commission did not listen to citizen concerns when things became deteriorated. Code Enforcement and City Council were not aggressive enough, and should go after slum landlords and people who don't have pride in home ownership.

Rich Wordes, 31 Journey Street, Aliso Viejo, attorney for Willis B. Boyd, owners since 1957 of 10 unblighted acres on 18th and Placentia, reported one UFI photograph showed the Boyd property with trucks parked on the sidewalk - a Code Enforcement problem; however, Mr. Boyd had the trucks removed. He thought he heard Mr. Huffman and Chairperson Steel say eminent domain might be the issue – he suggested if this was removed as a redevelopment tool, half the people present would not be at the meeting. In spite of good intentions, the Redevelopment Agency should not accept the Plan tonight.

Duke Hendrickson, lived in Newport Beach for 50 years; owned rental property in Costa Mesa for 45 years, said he does not want redevelopment. He purchased income property on Joann Street and is making improvements monthly. He totally agreed with everything said so far. He asks the vote be postponed for a minimum of two years because of

budgetary restrictions and a bad future; at that time, look at the budget and see if the City's getting into "the black"

Myron Christopherson, resides at 3125 Boston Way, Costa Mesa, and owns property on Joann Street. He said he spent about \$50,000 in improvements this year. He thinks the City has contempt for landowners - he has contempt for the Redevelopment Agency that thinks it can tell him he is not good enough to fix his own property.

Dan Gribble, owner of Bostons Locker, 931 West 18th Street, 925 18th Street and lease property at 935 18th Street, Costa Mesa. He reported his business has continued to grow over 25 years which indicates economic growth not blight. 31 employees and approximately 80 family members are dependent upon his business. No one has the right to endanger his estate. He spent considerable money in renovations but hesitates to spend more. Is not supportive of cart blanch redevelopment or eminent domain. Big decisions are being made based upon inaccurate information and consequences will far outlive the membership of those currently making up the Redevelopment Agency. He was told out of 14 parcels on his street, 8 were included and 6 were not. Although asked for on numerous occasions, he only got some answers this morning (blight, incompatible land use, irregular parcelization, etc.) as to why. He walked the area and found no evidence himself. 6 areas had blight conditions but were not included - UFI responded it was because they had 100-130 feet of curb whereas others had only 65 feet, and were not favorable for redevelopment. As a member, he suggested waiting for the CRAC's report due within the month. A Request For Proposal to convert the industrial site to 100% residential is circulating - he wondered why this initiative is independent of this movement. He requested the industrial area be removed or scrap the Redevelopment Plan, or postponed until adequate information is obtained.

Bruce Wilson, resident of 897 Towne Street, Costa Mesa, voiced opposition to redevelopment. Those areas deemed blighted will be renovated by the owners if Code Enforcement does its job with complete follow up. If owners cannot afford to do renovations, they should be informed about loans. The City should be looking out for the best interests of the entire community, not taking property through eminent domain. If owners in the affected areas are given true information, they will make effort to eliminate the blight. He heard about the possibility of a large shopping center to be built on the Westside; if needed, how large does it have to be? UFI does not live here, but will probably make a healthy profit. The losers are those who lose their homes to eminent domain.

Denise Neptune, representative of the owners of 1975-1985 Placentia, Costa Mesa, and a resident in Huntington Beach, posed 6 questions and requested a written response to each: 1) Is the industrial corridor included because it needs to be contiguous to blighted areas and includes Joann? 2) Where is physical/economic blight according to CCRL section 33031 on Placentia between 19th Street and Victoria? She said she wrote to each City Council member on 2/6/03 but has not received a response. 3) UFI states that a legal blighted area must have conditions so prevalent they cannot be reversed or alleviated by private enterprise or government action, or both, without redevelopment. She wrote to the Planning Commission and City Council on 1/24/03 requesting owners of the property be given the opportunity to correct any findings before the area was included in redevelopment. She never received an answer. Why cannot owners be given opportunity to correct the problem? She feels the Plan is too premature. 4) What does the Redevelopment Agency plan to

do with the area? 5) What does the City want done with the tax revenues? UFI says there is both physical and economic blight – what is the Plan to correct this? Member Monahan asked if sales tax money went to the Agency. UFI said no, but is it not true if eminent domain acquires or forces sale of property, then that property will have a new assessed value much higher than the base, creating a huge tax increase over the base year? 6) Would it not benefit the Agency to take depreciated properties going around Proposition 13, the cap on assessed value? What is to stop eminent domain from taking properties in order to take more funds? Can the Agency not make a plan of what it wants to accomplish, then ask property owners to voluntarily participate in making the Westside a better place? If that fails, then approve the Plan.

Sandra Genis, 1586 Myrtlewood resident, expressed concern redevelopment funds would be taken from the general fund. She asked if redevelopment has been so effective why, thirty years later, does the Agency have a huge debt and more blight than in 1973 when the Agency was established? Apparently, UFI compared properties within the existing redevelopment area with other properties in the South end. The properties already in the redevelopment area are similarly blighted to the areas UFI thinks should be included - or none are blighted. It is a myth if money is taken from schools, the state will back-fill it; but the state does not have the money so taxes will increase one way or another.

Martin Pickett, president and CEO of the Claval Company, located at 17th and Placentia, Costa Mesa, since 1954 and a resident of San Juan Capistrano, represented 370 employees and 20 acres. He gave a brief history of the company, which always makes contributions and wants to continue working with the City. The process is 9-18 months to reestablish the district. He would rather be a partner with the City and reinvest in the business in order to continue improving Costa Mesa.

Steve Marx, lives in Mesa Verde and has a business on 1950 Placentia, Costa Mesa. He addressed density. The Pacific Savings location has been approved for 161 condominium units and multiple parking. Katrina Foley said this was the “vision for Costa Mesa”. He is a member of the CRAC, which is supposed to be putting a vision together and that has nothing to do with high rises. He is definitely against redevelopment although the City could be cleaned up. There are enough codes to compensate for that. Eminent domain is taking rights and retirements away, along with everything else.

Mary Warwick, 1042 West 18th Street, Costa Mesa, since 1960. She reported this property was listed as vacant - whoever did the evaluation should do it again. She is against eminent domain.

Jim Wedgworth, representing himself and his father, both residents of Costa Mesa, with a business at 834 West 18th Street for 42 years. When they moved in, the City was in poor condition. Improvements have happened to maintain properties or businesses without help from anybody else. He asked how much faster are things going to change in the next ten years with the City's help, than it has in the past ten years? So far, he has not received an answer because there is no study. He wondered how much more money is to be spent to try to decide if the City should or should not do redevelopment? Some conditions shown in photographs in the presentation have already changed.

Paul Johnson, 1042 West 18th Street, Costa Mesa – also listed as a vacant lot - is against redevelopment. Stated the area west of Whittier on 18th Street in the feasibility study is not a blighted area. People in that area are capable of taking care of problems themselves. He could not see fair market value being what it would be before it is called a blighted area. UFI said it is trying not to have “cut out” areas, yet this area is included. The Plan needs to be sent back to be reworked. Mr. Johnson said he will submit a document covering everything UFI has spoken on at a later time.

Mike Harrison, owner of Trico Realty, 201 Paularino Avenue, Costa Mesa, lives in Newport Beach. He said he maintains good properties in good condition. He is against the presentation but not opposed to having properties in the added territory for redevelopment, provided that severe restrictions are put on eminent domain issue. Has been a member of the CRAC and heard consultants talk about what can be done or not done by the Redevelopment Agency – he thought there was a possibility to severely limit eminent domain, and take advantage of some of the tax increment for things agreed upon (infrastructure and code enforcement) It may be a possible to rework this Plan, and bring it forward with his ideas in mind.

Tom Mellon, at 93 Towne Street, Costa Mesa, for 17 years. He reported he had gone through the Preliminary Plan, and one item that will have a major affect on the Westside is lack of infrastructure improvements. He is still waiting to drive down 17th Street without knocking the shocks out on his car. When the City finishes putting wires in the ground it will be a good improvement. He referenced Page 11 of the Preliminary Plan “Reasons for extending the Agency’s right of eminent domain...” The reason for redevelopment is to take care of blight and improve the area, and increase taxes. He referred to section : “In spite of the Agency’s continued redevelopment of the existing project area, a significant amount of the original blight remain....activities.” He asked, if the Redevelopment Agency has not been able to take care of blight in 200 acres over the last 20 years, how can an additional 450 acres be taken care of in the next 20 years? He suggested property owners take it upon themselves to do any improvements. Private enterprise can take care of these issues and listed Target Greatland, Home Depot and Fedco at corner of 17th Street and Superior, as examples.

Marvel Carson, resident at 868 Towne Street, Costa Mesa, for 40 years, wondered what incentives do the owners have to keep up their property or make improvements if the additional 400-plus acres is added to the redevelopment area. The owner of the rental property next door has put in \$3,000 in prework for landscaping but has decided not to go ahead with further work because of redevelopment. This will impact her own property.

Dave Salcido, resident at 954 W 17th Street, Costa Mesa, and owner of 35 rentals in same block. He said he was surprised to find West 17th and Whittier were included in the redevelopment area because the homes and properties are well kept. He suggested the City will have a tough time in the courts trying to prove otherwise. If redevelopment is passed without eminent domain now, he is scared the City may change its mind down the road.

Brian Williams is against redevelopment. He stated he lived in Costa Mesa for 22 years, and recently moved to Newport Beach. Spent about \$2 million investing in West/Eastside Costa Mesa. The Police Department

did a documentary on his property without his knowledge. He likes Costa Mesa's set up and believes it will get nicer. Property is going up in value because of its closeness to the beach. Mr. Williams said he was very poor and brought himself up. His renters are good hard-working people – taking properties is not the answer.

John Hawley, lives in Newport Beach, owns industrial properties on 18th Street, Costa Mesa. He stated his notice published in the Daily Pilot is based on budget documents provided by Redevelopment Agency staff and the proposal under consideration. The \$41 million debt information was provided by Mike Robinson, Planning & Redevelopment Manager, and Bobby Young, Finance Department. The consultants have described tonight "incompatible land uses and irregular lot size" as blight. Page 29, items 5 and 6 of the proposed Plan states "Promotingdevelopment and intensities". Such comments are based on the fact redevelopment is paid by property taxes. State decreased funds can only be made up by budget cuts or tax increases. If these opinions are mistaken, he said he will retract his statement.

Vanessa Cocroft – Westside resident at 587 Knowell Place, Costa Mesa, and member of CRAC. She requested approval of the added territory and reinstatement of eminent domain, feeling it is the first step in a long process. She asked if what can be done instead of redevelopment. She suggested looking at the Westside Specific Plan again as it contained good ideas to revitalize the Westside..

Mary Fewel, 2000 Republic, Costa Mesa, reminded there are people on the Westside other than industrial property owners. The concept of eminent domain is very scary but there are serious problems that may not get fixed in any other way; however, redevelopment may be approved without eminent domain. She said she was surprised by press reports revealing properties are being cleaned up, and she wonders if this would have happened otherwise.

Chris Fewel, 2000 Republic, Costa Mesa - City business owner and member of the CRAC – said he supports redevelopment but knows it can be misunderstood. People in support of redevelopment have listened for a long time to all the pro and con arguments – he is representing those people because redevelopment is a tool for what needs to be done on the Westside. He challenged the Redevelopment Agency, if it decides to use eminent domain judiciously, to ensure people are educated, so they sense the Agency is not out to do anything but increase property values in most cases. It is a long process ahead, and he hoped the decision is not swayed by the large number present this evening opposing redevelopment.

Roger MacGregor, owner of McGregor Yacht Corporation, 1631 Placentia, Costa Mesa, for 40 years, with 150 employees, remarked 90-95% of the Westside is in fine shape. He suggested ways to fix the remaining 5%: zoning - slow; private investment – works; redevelopment – while this is being processed, all private investment will stop and it will take years for the issue to resolve. Code enforcement and incentives could make remarkable changes. There is no constituency for redevelopment. He was not so afraid of eminent domain but that all private investment will stop. Feels the City Management has made a beautiful balanced city, and hopes the wisdom shown in the past will "kill this thing".

Jorge Ceja, 686 Center Street, Costa Mesa, spokesman for his father, does not support redevelopment and opposes eminent domain. He reported seeing the word "disgraceful" attached to blight. His father bought his

property six years ago and has spent a lot of money for his American dream. He invited people to drive by, and then say it is blighted or a disgrace.

Holroyd Watkins, lived in Costa Mesa since 1966, business and home on 19th Street for 35 years. He reported in 1966 there were empty lots and devastated areas. Since that time, over 60% of the buildings have been knocked down, rebuilt and replaced by beautiful buildings making it look like 17th Street. He is proud of what the City has done and hopes the Redevelopment Agency values the citizens. Value of Westside property is so high, he cannot afford to buy there. Homeowners should put in their own money, and no one should take their property.

Bill Modic, 1728 Placentia, Costa Mesa, and business owner in the City since 1963, declared his property in excellent condition since he built the building in 1967. Mr. Modick requested a complete list of all rules and restrictions on properties in the redevelopment area which he understands are different to those for the rest of the City. He urged rejection of the proposal.

Eva Marin, 1780 Placentia, Costa Mesa - a renter who has lived on the Westside for 33 years, said she drove around the Westside and saw a lot of improvements. People are working together for the betterment of the City, including the CRAC. She asked parents to bring their children back to the Westside schools; the teachers are great. She challenged business owners to get on the cases of people who are not fixing up their properties. She, herself, got results for Shalimar with a lot of help from Police, Code Enforcement and the City. Everyone wants to make it a better place.

There were no further speakers. Chairperson Steel closed the Public Comment session at 11:00 p.m.

John Huffman acknowledged the substantial body of evidence as presented by UFI. A lot of remarks had been made that there is no blight; he highlighted a number of comments which supported evidence of blight from members of the community, editorials and magazine articles including concerns over health issues and gang activities. If the Redevelopment Agency decides to move forward with the preliminary step, a lot of the issues the community has will be resolved. He supported Chairperson Steel's direction that comments be addressed in writing by UFI; responses will be submitted and distributed as seen fit.

Chairperson Steel thanked Messrs. Huffman and Tillberg for their presentation and input this evening.

Agency Member Monahan opined redevelopment works for everything but commercial. He suggested if industrial is considered a problem, then it is a zoning and/or code enforcement issue. So many laws and requirements are involved with residential that it becomes economically impossible to affect major improvements. He hoped, as Vice Chairperson Mansoor wanted to bring up this evening, private incentives will become available.

Agency Member Robinson said she thought redevelopment was a useful tool, but many misconceptions exist about the process. Redevelopment's purpose, and its very existence, is increased property values. She was concerned about the community reaction. The City Council and Redevelopment Agency repeatedly hears about the need for improvement.

She was pleased to see the industrial property owners present because they do not attend the other meetings; instead the residents are heard from who live in the area where they say the air is filled with odors, street people and trash. She received many calls in support of this process and hopes those residents who complain are watching the taping of this meeting; she was disappointed not more of those people were in attendance so their viewpoint could be heard. She believed the process needed more study, and requested follow up on some of the situations illustrated in the photographs presented, more information on the economic blight, and the opportunity to discuss a revitalization plan that would work with some of the Westside property owners. She noted some people had improved their properties, and questioned if this action would have resulted without this process. She acknowledged problems on the Westside that the City needs to deal with. If the Plan is not approved this evening, then a revitalization plan needs to be developed that involves everyone. She thought perhaps redevelopment and eminent domain are not the answers but, being a possibility, seem to have caused some movement in the right direction.

Chairperson Steel concurred with Agency Member Robinson's comments. He suggested three options: approve or reject the Preliminary Plan; or perhaps put this item on hold for six months or so, in order to get more specific information for a viable plan.

**MOTION
Accept
Plan**

Chairperson Steel motioned to accept the Preliminary Plan from the Planning Commission. Agency Member Robinson seconded the motion for discussion. She voiced concern about the Planning Commission's action and whether it understood it could make changes. She requested the Preliminary Plan be returned to the Planning Commission with a clarification that it could make changes to the Project Area, and making sure additional information is provided regarding economic blight issues in certain portions of the Project Area that are known to be a problem.

**Substitute
MOTION
Delay Action on
Preliminary
Project Area**

Agency Member Cowan put forward a substitute motion which incorporated Agency Member Robinson's requests:

Delay for six months any action on the Preliminary Project Area.

Begin an economic study of the commercial strip two blocks deep along West 19th Street to the Santa Ana River:

All questions and comments from this evening's public comment session have answers developed or responded to within thirty days.

Wait for the CRAC to create a report on its vision or goals for the Westside. She challenged everyone present to begin participation in that process and offered her own time and energy to help the CRAC fulfill its charge.

Meet with a variety of property owners: Multi-family, Rental, Residential, Industrial and Commercial.

Expand on what Vice Chairperson Mansoor is doing and perhaps he can represent the Redevelopment Agency with that.

Develop a list of what is necessary to get owners to invest in their property and clean it up to meet some kind of standards - perhaps coming from a definition provided by the CRAC.

Meet with developers to find out what they need to invest in this community without Redevelopment.

Would like to see how Costa Mesa Beautiful and Costa Mesa Safe can fit in with this.

She had received comments from Mike Harrison and Bill Turpit on creating guidelines for eminent domain, and she proposed staff meet with both to put together guidelines that could be considered and used for eminent domain.

Agency Member Cowan confirmed for Agency Member Monahan that she was just asking for an economic study started on the commercial strip two blocks deep along West 19th Street. She was not denying or making any changes to the Preliminary Project Area but requesting the item would be put on hold.

Agency Member Monahan seconded the motion for discussion.

Agency Member Robinson liked all the points of the motion and thought it a good start. She would like to hear from the CRAC, and would like even if half of the property owners participated in the CRAC discussions/debates. She requested they let the Redevelopment Agency know of any interest.

For clarification concerning meetings with property owners to expand on revitalization, an idea of Vice Chairperson Mansoor, Agency Member Cowan suggested one or two members of the Redevelopment Agency attend any of the group meetings she had proposed in her motion. With regard to the economic study for West 19th Street, she felt the legal definition define the study; however, she was suggesting concentrating on this one area to see if it meets the economic conditions for redevelopment rather than the entire preliminary area. She concurred with Agency Member Monahan's suggestion that the area concludes at Monrovia.

Chairperson Steel said the facilitator to the CRAC will be moving on; he wanted the CRAC to stay together and elect its own officers and give the Redevelopment Agency recommendations as to how to get to the source and cause of the serious blight that needs to be addressed. The solution to the school problems is not teachers. The schools have excellent teachers. He listed the various problems he feels the City is dealing with. Much can be dealt with through the Redevelopment Agency, Code Enforcement, the Police Department and legislation by the City Council.

**Approved
Carried**

The original motion was withdrawn and the substitute motion carried 4-0, Vice Chairperson Mansoor excused.

NEW BUSINESS

Resolution determining Eminent Domain Policy and need for Project Area Committee

Planning and Redevelopment Manager Robinson suggested these two New Business items have become mute in light of the preceding action. Therefore, no action would be required this evening.

Economic Development Incentives for Westside

MOTION Chairperson Steel motioned both items be held in abeyance; the motion
Approved carried 4-0, (Vice Chairperson Mansoor excused)
Carried

REPORTS

Executive Director None.

Agency Attorney None.

WARRANT On a motion by Agency Member Cowan, seconded by Chairperson Steel,
RESOLUTIONS and carried 4-0 (Vice Chairperson Mansoor excused), Warrant Resolution
CMRA-308 AND CMRA 308 was ratified and Warrant Resolution CMRA 309 was
CMRA-309 approved.

ORAL None.
COMMUNICATION

AGENCY None.
MEMBERS
COMMENTS AND
SUGGESTIONS

ADJOURN There being no further business, Chairperson Steel adjourned the meeting
at 11:27 p.m.