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TITLE:

ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT OVERVIEW AND SPECIAL PROJECT UPDATE

DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT

PRESENTED BY: JENNIFER LE, DIRECTOR OF ECONOMIC AND DEVELOPMENT SERVICES

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RECOMMENDATION:

Conduct a study session providing a general overview of the Economic and Development Services Department operation including its staffing levels, operating budget, programs and services, and special projects, in anticipation of the upcoming 2023 City Council Strategic Planning Retreat and FY 2023-24 budget development process.

BACKGROUND:

The Economic and Development Services Department is comprised of five operational teams that implement community development related programs and functions City-wide. The five teams include:

- Planning and Zoning;
- Economic Development;
- Building Safety;

- Community Improvement; and
- Housing and Community Development.

The Economic and Development Services Department works with other City Departments, community organizations and regional agencies to improve the quality of life of residents and create a system for economic growth through active community engagement, customer service, and implementing housing and community improvement programs, land use plans, development regulations, and building safety standards. Each operational team has an essential role in fostering community health and resilience and protecting and enhancing Costa Mesa's diverse residential neighborhoods and businesses.

To help facilitate the analysis and prioritization of the City Council's goals and priorities during the upcoming 2023 Strategic Planning Retreat and the development of the Fiscal Year 2023-24 Budget, this report provides a comprehensive overview of the Department's staffing levels, current budget, and its programs and services. In addition, the Department's presentation will provide an update on the status of its myriad of special projects. This information is intended as a reference tool for identifying the major roles and responsibilities of the department, as well as upcoming challenges and opportunities.

ANALYSIS:

The Economic and Development Services Department currently includes 48 full-time positions and 2.75 full-time equivalent (part-time) staff. Leading up to the pandemic, the Department experienced persistent turnover in staff positions and over the last few years experienced vacancies in 40% of its positions. With the adjustments to compensation packages approved by the City Council in 2021 and 2022, the Department began to rebuild its workforce and better align itself with the market and surrounding jurisdictions. Based on these efforts along with investments in Department operations and technology, the Department has made significant progress in the last two years in filling vacancies and implementing the City Council's goal of recruiting and retaining high quality staff. Currently, only three positions are vacant.

The Department's overall budget in FY 2022-23 is \$8.5 million in General Fund plus an additional \$1.5 million in restricted Special Revenue Funds such as Community Development Block Grant and HOME Program funds.

DEPARTMENT FUNCTIONS AND DAY-TO-DAY OPERATIONS

PLANNING AND ZONING (11 full-time staff)

Staff in the Planning and Zoning division provide comprehensive City planning services in both long-range planning and development review. In long range planning, staff maintain, update and implement the City's General Plan, Specific Plans, Urban Plans, and Zoning Ordinance to ensure consistency with legislative mandates and to guide the form and function of Costa Mesa's built environment in a manner that responds to the needs of the community and fluctuations in the local and regional economic environment. In development review, Planning staff promote balanced development patterns City-wide through the oversight of land use requests and permitting of private development projects in conformance with the City's General Plan, community plans, zoning code, design guidelines, and applicable State regulations (such as the Permit Streamlining Act, California

Environmental Quality Act, Subdivision Map Act, and Housing Accountability Act).

In addition, staff tracks and reports on housing, socio-economic and demographic trends and data and coordinates with State and regional planning agencies including:

- State Department of Housing and Community Development;
- State Department of Finance;
- Airport Land Use Commission;
- Southern California Association of Governments; and
- Orange County Council of Governments and its various technical advisory groups.

Comprehensive General Plan and Community Plans

The Planning Division is responsible for updating and implementing the goals, policies, and objectives of the City's General Plan and its various chapters or "elements" including:

- Land Use Element
- Circulation Element
- Housing Element
- Community Design Element
- Open Space and Recreation Element
- Conservation Element
- Noise Element
- Safety Element
- Historic and Cultural Resources Element
- Growth Management Element

In addition, Planning staff update and implement the various community plans and urban plans adopted by the City Council including the:

- North Costa Mesa Specific Plan
- Newport Boulevard Specific Plan
- East 17th Street Specific Plan
- Costa Mesa Theater and Arts District Plan
- SoBECA Urban Plan
- 19 West Urban Plan
- Mesa West Bluffs Urban Plan
- Mesa West Residential Ownership Urban Plan

Planning staff also update and implement the Zoning Code consistent with the vision of the General Plan, State law, and to respond to changing community needs.

Land Use and Development Projects

City planning staff function as the community liaisons who listen to community feedback, and evaluate, advise, and bring forward property owner requests for land use entitlements and development permits consistent with the standards and procedures outlines in the Zoning Code. Depending on the type and magnitude of these projects/permits, such requests are reviewed and decided upon by the City's Economic and Development Services Director, City Manager, Zoning Administrator, Planning Commission or City Council.

City planners review development plans and issue land use approvals for new housing projects and businesses. Staff review every business license application and every building permit request for new construction or modified buildings, or any change in use. Staff perform inspections and issue permits for signs and banners, cell towers, fences, and landscaping. Staff also evaluate and issue land use approvals and permits for new or unique land use types like boarding houses, group homes, cannabis businesses, liquor stores, convenience stores, and similar uses.

ECONOMIC DEVELOPMENT (1 full-time staff)

The Department's Economic Development program promotes a business-friendly atmosphere City-wide. It focuses on attraction and retention of key businesses in Costa Mesa and works closely with the Costa Mesa Chamber of Commerce and Travel Costa Mesa Conference and Visitor Bureau to promote the City. The programs major objectives include:

- Streamlining application and approval processes;
- Marketing Costa Mesa on a regional and nationwide basis;
- Improving the business climate within the City;
- Facilitating the expansion of existing companies; and
- Assisting new companies with relocating to Costa Mesa.

Economic Development staff lead business outreach initiatives and support the City's Green Business Program and Shop Local Program. Staff launched the Costa Mesa Business Assistance Collaborative, in partnership with the Costa Mesa Chamber of Commerce, Travel Costa Mesa and South Coast Metro. Staff also perform economic analysis, create marketing materials and digital toolkits to stimulate business interest, and pursue funding opportunities to assist the City in economic recovery and growth. During the COVID-19 pandemic, this program launched two business assistance grant programs that disbursed nearly \$5 million dollars to Costa Mesa small businesses. Economic Development staff and other Department leadership also regularly attend the annual International Council of Shopping Centers (ICSC) event which promotes Costa Mesa's as a vibrant city to where people shop, dine, work, and play.

BUILDING SAFETY (16 full-time staff)

The Building Division implements and enforces mandatory State building codes and standards, and Costa Mesa Municipal Code standards related to the construction, modification, use, and occupancy of private and public buildings and properties City-wide. Building Safety staff provide plan check services and issue building permits for new construction, the modification of existing structures, interior tenant improvements, solar panels, equipment, and other electrical, mechanical, and plumbing improvements. In addition, staff function as the City's customer service liaisons for building safety matters and are responsible for coordinating the review and approval of construction plans through other City departments including the Fire Department, and Public Works transportation and engineering.

Following building permit issuance, Building Safety staff provide professional inspections of building construction for compliance with building codes and standards. City Building Safety inspectors protect Costa Mesa residents and businesses by enforcing codes that establish minimum requirements to safeguard the public health, safety and general welfare; to provide access to persons with disabilities <<https://up.codes/viewer/california/ibc-2018/chapter/2/definitions>>; to promote energy

conservation; and ensure a reasonable level of safety to emergency responders during emergency operations. The division conducts damage assessments and determines building safety following a major disaster such as an earthquake; and investigates building construction, illegal conversions, disabled access and other building safety-related complaints generated by the public.

In 2022, the Building Safety Division adopted the new California Building Code and updates its codes, standards, and professional training modules every three years to comply with State law.

COMMUNITY IMPROVEMENT (12 full-time staff)

The Community Improvement Division works in partnership with the public to promote and maintain a safe and desirable living and working environment by applying the staff resources to respond to complaints generated by the public as well as to implement City Council quality of life priorities and initiatives.

Community Improvement staff provide strategic enforcement of the Municipal Code related to land use, housing, building construction, building occupancy, private property maintenance, noise regulations, signage, vacant property conditions, and nuisances. Code Enforcement also evaluates and issues annual entertainment permits for restaurants and bars City-wide and coordinates with the Department of Alcoholic Beverage Control on enforcement matters.

Community Improvement staff are responsible for the enforcement of zoning regulations and operating requirements for boardinghouses, group homes, residential care facilities, and offsite service providers in coordination with State licensing agencies. Staff also performs lodging inspections in conjunction with the Orange County Health Department for compliance with the Municipal Code, State Health and Safety laws, and other concerns that often lead to blighted conditions at these locations.

Staff are also responsible for the enforcement of the City's zoning regulations and operating requirements for cannabis uses, including routine inspections of each permitted facility and nuisance abatement for these operations when necessary, and works in close collaboration with the Police Department and State of California's Bureau of Cannabis Control.

Community Improvement staff work closely with the Police Department and the City Prosecutor's office to address community nuisances, life safety issues, and blighted properties. Staff issue citations to enforce City codes when necessary and ultimately may work with the City Prosecutor's office to pursue nuisance abatement actions, up to and including filing civil or criminal complaints to remedy a violation.

Staff also perform community outreach functions, coordinate neighborhood cleanup events throughout the year, and ultimately connect property owners and tenants with City assistance programs and support services for those in need.

HOUSING AND COMMUNITY DEVELOPMENT (3 full-time staff)

Housing and Community Development (HCD) staff oversee and administer federal HOME and CDBG grant funds for the purpose of improving housing opportunities and conditions for low- and moderate-income persons. Staff prepare and implement the federally-required "Five Year Consolidated Plan", as well as the "Annual Action Plan" to ensure grant funded programs and projects comply with the

goals of the plan and federal HUD regulations. In addition, HCD staff work with the City's Finance Department and City Manager's Office staff to implement the activities of the Redevelopment Agency Successor Agency, Oversight Board, and Costa Mesa Housing Authority.

Community Development Block Grant (CDBG) Funds

HCD staff administers and coordinates the City's federally-funded CDBG program. CDBG funds are typically allocated to fund:

- Capital improvement projects benefitting CDBG-eligible neighborhoods;
- Community Improvement staff working in CDBG-eligible areas to address substandard housing conditions;
- Fair Housing services; and
- Public service grants issued to non-profit organizations.

In administering these programs, staff focus on community engagement and ensure that sub-recipients receiving CDBG grant funding maintain HUD compliance.

Public Service Grants for Non-Profit Organizations

The HCD staff solicit public service sub-recipient grant applicants for HUD-qualified activities and reviews, recommends, and presents applications to the Housing and Public Service Grants Committee for a recommendation to the City Council. Public service grants are awarded to nonprofit agencies that provide services such as: homelessness prevention; homeless services; youth, senior and disabled services; and other eligible uses. This fiscal year, the City Council approved grant funding for the following organizations:

- Community SeniorServ (Meals on Wheels and Senior lunch programs);
- Fair Housing Foundation;
- Mercy House;
- Project Hope Alliance;
- Trellis International; and
- Youth Employment Services (YES).

Grants funds and the associated sub-recipient agreements are managed by HCD staff.

In addition, HCD staff coordinate with the City's Neighborhood Improvement Manager in the City Manager's Office to administer the City's rental assistance programs and other public service organizations funded by CDBG-CV funds including:

- CityNet;
- Mercy House;
- Project Hope Alliance;
- SPIN; and
- Trellis.

Home Grant Funds

HCD staff coordinate and administer the City's federally-funded HOME programs, as approved by the

City Council to enhance housing and suitable living environments for low and moderate-income residents. HOME funds are typically used to fund the City's Housing Rehabilitation Program and to provide HOME loans for eligible affordable housing projects (as funding is available). In 2020, the City also launched a pilot Tenant Based Rental Assistance (TBRA) program.

Housing Rehabilitation Program

HCD staff administer the HOME-funded Single Family Housing Rehabilitation program for eligible, very low-income, single-family Costa Mesa homeowners. This program allows eligible homeowners to apply for grants (up to \$15,000) and/or deferred low-interest loans (up to \$50,000) to rehabilitate or improve their homes. Eligible property rehabilitation includes interior and exterior residential property improvements addressing zoning and Building Code violations, lead-based paint hazards, and other needed repairs. In administering the program, HCD staff confirm income qualification, coordinate with homeowners and their contractors for HUD compliant documentation, prepare loan documents, processes requests for loan refinance, loan subordination and loan payoff, and conducts compliance monitoring through the life of each loan.

Tenant Based Rental Assistance

In 2020, the City launched a pilot TBRA program using HOME funds. The TBRA program is a rental assistance program that helps to pay a portion of the cost of monthly rent and tenant-paid utility costs and security deposit assistance for tenants. HCD staff have an agreement with Families Forward to implement the TBRA program. The agreement is expiring and as such, HCD staff are currently issuing an RFP for a permanent TBRA program to assist Costa Mesa residents in need of Rental Assistance.

HOME loans and Affordable Housing Agreements

In 2022, HCD staff released a request for applications for the HOME loan program applicable to eligible affordable housing projects. Approximately \$2.7 Million was available and a HOME loan was recently awarded to the Motel 6 Conversion Homekey project.

In addition, several past affordable housing projects were funded by HOME funds or other City funds (such as Redevelopment Agency Housing Set Aside funds) which warranted an Affordable Housing Agreement. HCD staff work with Finance and the City Attorney's Office to prepare and monitor compliance with all Affordable Housing Agreements. HCD staff annually confirm and certify that affordable rents are being charged in compliance with the agreement, and prepare loan documents, process requests for loan subordination and payoff, and conducts compliance monitoring through the life of each loan which is typically 20 years or more.

With the recent community focus on housing and affordable housing (and particularly if an inclusionary housing ordinance is adopted by the City in the future), staff expects the number of Affordable Housing Agreements and the associated staff oversight to increase significantly.

HOME-ARP Grant Funds

In 2020, the City was awarded \$1.8 Million in HOME- American Rescue Plan (ARP) funds. HCD staff completed outreach to local services providers as to the City's needs and prepared an Allocation

Plan for these funds which was approved by the City Council and was also recently approved by HUD. Staff is preparing to release an RFP for supportive services and affordable housing proposals, consistent with the Allocation Plan, and will be bringing a recommendation to City Council this fiscal year.

CUSTOMER SERVICE COUNTER

The Department has the busiest customer service counter City-wide and provides planning, zoning, and building safety information to Costa Mesa residents and businesses via phone, email, to customers who make online appointments, and for walk-ins. Our staff assist approximately 20,000 customers annually at the counter, process over 100 land development applications, issue over 3,000 building permits, and resolve over 1,000 community complaints per year. Our goal is to provide a timely, high quality customer service experience to every customer we interact with.

COMMISSIONS AND COMMITTEES

The Department staffs and supports the Planning Commission, Housing and Public Service Grant Committee, and the City's Mobile Home Park Advisory Committee.

Planning Commission

The Planning Commission is a seven-member advisory board to the City Council on land use and community development matters. The Planning Commission decides on discretionary planning applications (e.g. conditional use permits, variances, master plans, design reviews, subdivision maps, and residential developments). As an advisory body to the City Council, the Planning Commission also makes recommendations to the City Council regarding re-zones, General Plan amendments, Zoning Code amendments, Specific Plans and other planning and land development matters. The Planning Commission meets on the second and fourth Monday of each month and is staffed by the Department Director, Assistant Director and staff.

Housing and Public Service Grant Committee

The Housing and Public Service Grants Ad Hoc Committee consists of eight members and two City Council liaisons and a Planning Commission representative. The Committee meets twice per year with additional meetings scheduled on an as-needed basis. The Committee helps to promote community understanding of the activities funded by HUD and CDBG with a focus on public service grants. These CDBG funds are specifically designated to fund services for the homeless, at risk youth, low income medical and dental care, counseling and senior meals and services. Every spring, the Committee evaluates CDBG public service grant applications and interviews the nonprofit organization applicants to determine which organizations will receive CDBG funds that year. The Committee's recommendations are then presented to the City Council. The Committee also receives an annual year-end report supported by HCD staff as to the expenditure of CDBG funds and CDBG program outcomes.

Mobile Home Park Advisory Committee

The goal of the Mobile Home Park Advisory Committee is to help improve the quality of life in mobile home parks and to review and address matters concerning mobile home parks in the City of Costa Mesa through healthy communication with park owners, manufactured home owners, and the City

Council. The Committee was established in 2019 and is comprised of nine members: two mobile home park owners; five mobile home park resident owners; and two independent, at-large citizens with no affiliation or relationship with mobile home parks. This Committee meets quarterly and supported by Planning Division staff.

SPECIAL PROJECTS

In addition to the daily operations as described above, the Department is implementing several major planning efforts that are either State mandates or City Council priorities.

NEW LAND MANAGEMENT SYSTEM

The Department's land management system and permitting software is over 20 years old and its technology is no longer maintenance supported. As such, many of the Department's functions are tracked manually. Further, the existing system has no public facing portal which has become a local agency standard and a public expectation.

In 2019, the City Council approved a contract with Tyler Technologies to launch a new Land Management System (LMS). The new system will integrate development review and permitting operations between Planning, Building Safety, Community Improvement, Public Works Engineering and Transportation, and Fire Safety creating a "one-stop-shop" for customers. Further, the system will be geo-referenced based on a new Geographic Information System (GIS) platform allowing for spatial mapping, data analysis, tracking and reporting. Lastly, the system will have a public facing portal allowing electronic submittals, online payments, and e-plancheck, and will also connect to the City's records management system (Laserfiche) for easy access to information.

Department staff have been working with IT to manage a team of consultants and City-wide subject matter experts to ensure the new LMS successfully launches in summer 2023. Launch of the system will usher in a new era of transparency and improved customer service for Costa Mesa residents and businesses, on par with industry best practices and the highest professional standards. The new LMS will also provide the ability for staff to manage permit trends and cycles to improve Department resource allocation and customer service.

RETAIL CANNABIS PROGRAM

In November 2016, Costa Mesa voters approved Measure X, allowing for cannabis manufacturing, distribution, and other similar uses in the City's "green zone". There are currently 23 approved Cannabis Business Permits for Measure X facilities in Costa Mesa. These locations are routinely inspected and assisted (as needed) by Department staff.

In November 2020, Costa Mesa voters approved Measure Q allowing for retail cannabis establishments in commercial zones. In June 2021, the City Council adopted an Ordinance establishing specific regulations and a 7% tax rate for cannabis retail uses. The Council also established a Council Cannabis Ad Hoc Committee to work with staff. The first cannabis retail applications were accepted starting in August 2021. A retail cannabis business must pass a pre-application screening, and ultimately be issued a Conditional Use Permit (CUP), Cannabis Business Permit, and City Business License to operate. The City has received 63 applications for retail cannabis storefronts as well as several applications for cannabis delivery. Fourteen CUPs for retail

storefronts have been approved by the Planning Commission so far and staff is continuing to process applications as expeditiously as possible.

The large number of applications coupled with the complexity of implementing a new program of this type has required a significant allocation of staff resources to date, not only in the Development Services Department but in the Police, Finance, Public Works and Fire Departments as well. Also, significant staff resources have been required to assist applicants with their submittals, and to respond to community questions and concerns.

ECONOMIC DEVELOPMENT STRATEGIC PLAN

At its September 2021 retreat, the City Council identified preparation of an Economic Development Strategic Plan as one of its six-month priorities. In June 2022, the City Council approved a contract with TCCG to prepare the City's first Economic Development Strategic Plan. The goal of the plan is to evaluate opportunities and constraints, identify policies and strategies, and prioritize specific implementation items to assist the City in achieving its goals of economic sustainability and resiliency. This substantial effort is being managed by the City Economic Development Administrator, who is also managing the launch of the City's LMS system. The initial data analysis is underway and community engagement is slated to begin shortly. A draft plan is expected to be complete by year end.

It should be noted that the City's Economic Development Administrator is the only staff position allocated to this function. Once the Strategic Plan is complete and in order to realize the Council's vision of a strong Economic Development engine in Costa Mesa, additional staff allocated to this function will be necessary to implement the program.

HOUSING ELEMENT UPDATE

The City began the State mandated update of its General Plan Housing Element in 2021. The Housing Element Update was adopted by the City Council in November 2022 and was submitted to the State for certification. Staff is making minor revisions based on recent State comments and will resubmit for State review in the next few weeks. Staff expects State approval of the Housing Element shortly after.

Upon approval, staff expects to immediately begin implementation of the 47 "implementation programs" required by the Housing Element. Most of the programs are required to be completed within the next three years. The programs include several substantial work efforts such as:

- Community visioning and re-zoning of housing opportunity sites located along certain commercial/industrial corridors in the City including the area north of the I-405, the SoBECA area, and along portions of Newport Boulevard, Harbor Boulevard, Baker Street, 19th Street, Placentia and Pomona;
- Re-zoning of the Fairview Development Center property;
- Promoting construction of accessory dwelling units;

- Inclusionary Housing Ordinance; and
- Revisions to the City's residential parking standards, among others.

Given the intensive condensed schedule to implement these programs required by the State HCD, staff has already begun working and implementing several of the above programs. However, a significant amount of staff work remains to complete the numerous housing programs within the eight-year Housing Element cycle.

ACCESSORY DWELLING UNITS

State ADU laws changed effective January 1, 2023 that required Department staff to modify the City's local ordinance. This modification was also required by the Housing Element, and although not identified as a formal Council priority was requested from the dais on several occasions. As such, staff expedited the preparation of an Ordinance. The Planning Commission recommended approval in October 2022 and City Council approved the first reading on February 7, 2023.

Department staff have already processed to approval 144 ADUs since 2020. Department staff are working to launch an updated website with new ADU FAQs, visuals, and application forms. Staff is also participating in a program with OCCOG to provide sample ADU plans online and expedited ADU plan check services via contract staff that supplement Department resources already allocated to this program.

INCLUSIONARY HOUSING ORDINANCE

At its September 2021 retreat, the City Council identified preparation of an Inclusionary Housing Ordinance as one of its six month priorities. Staff retained Keyser Marston, to prepare a feasibility analysis as required by the State to ensure adoption of such an ordinance does not unduly constrain or disincentivize local housing production. A draft analysis was completed; however, further work was delayed pending staff completion of the Housing Element and filling staff vacancies. Upon completion, staff intends to kick-off community engagement and work with the Housing Ad Hoc Committee to bring an Ordinance forward to the Council by year end. Depending on the program that is ultimately approved, staff expects additional staff time will be necessary to administer the program long-term.

SHORT-TERM RENTALS PROGRAM

At its September 2021 retreat, the City Council identified preparation of a short-term rentals (STR) program as a six-month Council priority. Short term rentals became the subject of community complaints during the height of the COVID-19 pandemic. City Council approved an Ordinance clarifying that short term rentals are prohibited in Costa Mesa, with the exception of "home sharing" rentals that meet certain criteria. This Ordinance remains in effect. The STR program was delayed pending filling of staff vacancies and staff completion of other Council priorities.

Staff have now retained a consultant to conduct an analysis of STR demand in Costa Mesa. Staff expects the analysis to be complete by May of this year, with community engagement and an Ordinance to follow by year end. Depending on the program that is ultimately approved, staff expects additional staff time and/or a third party consultant will be necessary to administer the program long-

term.

FIRST TIME HOME BUYERS PROGRAM

As part of the City's FY 2021-2022 budget adoption, the City Council directed that a portion of the 7% retail cannabis tax was to be allocated to fund a First Time Home Buyers Program in Costa Mesa. The City has not implemented such a program in over 20 years when the City's previous program was discontinued. Department staff will need to prepare new program guidelines and procedures and administer this new program. Depending on demand and coupled with the several other new affordable housing related programs requiring staff oversight, additional staff resources may be needed to implement these housing programs.

OUTDOOR DINING ORDINANCE

Following the Department's swift action to temporarily allow expanded outdoor dining patios during the COVID-19 pandemic, the Council directed staff to prepare an Ordinance that would allow expanded outdoor dining opportunities permanently, similar to those that were afforded to restaurants during the pandemic. In late 2022, Council adopted an Ordinance that extends the more flexible COVID-19 standards through December 2023. Pending completion of some of the other priorities, staff will bring forward an outdoor dining ordinance for Council consideration.

COMMUNITY VISIONING AND ZONING UPDATES

Following the passage of Measure K by Costa Mesa voters in November 2022, City Council members have expressed that beginning the community visioning process and moving forward with the General Plan and zoning work along the commercial and industrial corridors identified within Measure K is a top priority.

This effort will involve extensive community engagement, a comprehensive update of the City's General Plan, concurrent updates to multiple Specific Plans and Urban Plans, and preparation of an Environmental Impact Report for CEQA compliance purposes. Necessarily, successfully managing this effort will involve the allocation of multiple City staff members, as well as a substantial investment in contract staff and a consultant team capable of this level work.

Staff is preparing an RFP to secure a consultant team and intends to release it in March of this year. Staff will also begin planning for the community visioning and engagement process to begin in summer 2023.

FAIRVIEW DEVELOPMENTAL CENTER

In December 2022, an agreement with the State was executed providing for \$3.5 Million in State funds to the City to plan and zone the Fairview Developmental Center site for mixed-use/housing. Staff have prepared an RFP for a consulting firm to prepare a General Plan amendment, Specific Plan and associated zoning changes to implement that vision. The RFP is expected to be released in a few weeks. This effort will necessarily involve a robust community engagement effort and a significant allocation of staff resources, similar to the community visioning and rezoning effort described above. In addition, concurrently staff will be coordinating and working with the State

regarding their proposal to construct a Cal-OES facility on a small portion of the FDC property.

SENIOR CENTER HOUSING PROJECT

At its September 2021 retreat, the City Council identified facilitating a Senior Housing Project at the City's Senior Center site as a six-month Council priority. The applicant, Jamboree Housing, has been working with Department staff for the completion of an Urban Plan screening application. Staff completed a traffic and parking study to ascertain the impact that the proposal could have on existing Senior Center operations, and potential measures to address those impacts. That study is now complete. Further, staff retained Keyser Marston to advise the City on the provisions of the proposed Affordable Housing Agreement. With some recent changes in the applicant's team, staff expects the screening application (as well as the Affordable Housing Agreement, lot subdivision, funding sources, lease agreement, and other project details) to be further fleshed out and move forward to the City Council in the spring.

STATE MANDATES

In addition to the above major projects, the State legislature has been very active in passing a myriad of new State laws that require local cities to modify their codes. For example AB 2097 passed and requires cities to eliminate commercial parking requirements in certain areas. Several State laws became effective January 1, 2023 with some becoming effective July 1, 2023. A significant Department effort will be needed to modify our local regulations to comply with these State mandates.

OPPORTUNITIES AND CHALLENGES

With the confluence of State mandates, and the community demand for appropriate changes to the City's land planning, zoning, and housing policies and programs, the City has an opportunity to make substantial progress in meeting the community's desire for quality housing and affordable housing, while preserving the character of existing Costa Mesa neighborhoods. Further, following post-pandemic retirements and turnover in the Department, the Department has rebuilt its workforce with high quality professionals that are ready to meet these challenges.

However, with a large proportion of the Department staff joining the City team within the last few years and the majority of those positions being entry or journey level, coupled with the sheer volume of complex projects with overlapping deadlines facing the City within the next few years, staff are evaluating opportunities to:

- Expand organizational capacity by adding additional senior-level staff;
- Retain additional seasoned contract staff capable of taking on significant project management roles for complex projects; and
- Retain qualified consultant teams with proven experience in meaningful community engagement and creative solutions to urban planning challenges.

Furthermore, with the expectation of future expanded capacity in our Economic Development and Housing and Community Development functions, future staffing and structural changes may be

necessary to meet that need.

Given competing demands and deadlines as described in this report, staff is requesting City Council feedback regarding Council goals and priorities.

ALTERNATIVES:

This report is informational only and there is no alternatives to be considered.

FISCAL REVIEW:

There is no fiscal impacts to approving this item.

LEGAL REVIEW:

The City Attorney office has reviewed this report and approved as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the following City Council Goal:

- Strengthen the public's safety and improve the quality of life.
- Recruit and retain high quality staff.
- Advance environmental sustainability and climate resiliency.

CONCLUSION:

In anticipation of the upcoming 2023 City Council Strategic Planning Retreat and FY 2023-24 Budget development process, staff has provided above a comprehensive overview of the operations, programs, and responsibilities that fall under the purview of the Economic and Development Services Department, and also included a projection of anticipated future major projects and priorities. Given competing demands and schedules as described in this report, staff is requesting that City Council provide feedback regarding Council goals and priorities.