



**REGULAR MEETING OF THE CITY COUNCIL AND HOUSING AUTHORITY
APRIL 2, 2024 - MINUTES**

CALL TO ORDER –The Closed Session meeting was called to order by Mayor Stephens at 5:00 p.m.

ROLL CALL

Present: Council Member Chavez, Council Member Marr, Council Member Reynolds, Mayor Pro Tem Harlan, and Mayor Stephens.

Absent: Council Member Gameros and Council Member Harper.

PUBLIC COMMENTS – NONE.

CLOSED SESSION ITEMS:

1. **CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION - ONE CASE**
Pursuant to California Government Code Section 54956.9 (d)(4), Potential Litigation.

2. **CONFERENCE WITH REAL PROPERTY NEGOTIATOR**
Pursuant to California Government Code Section 54956.8
APN: 420-012-16
Agency Negotiators: Lori Ann Farrell Harrison, City Manager
Negotiating Parties: State of California
Under Negotiation: Price and Terms of Payment

City Council recessed at 5:02 p.m. for Closed Session.

Closed Session adjourned at 6:00 p.m.

CALL TO ORDER –The Regular City Council and Housing Authority meeting was called to order by Mayor Stephens at 6:03 p.m.

NATIONAL ANTHEM AND PLEDGE OF ALLEGIANCE – Led by Ms. McVeigh's second grade class from Sonora Elementary School.

MOMENT OF SOLEMN EXPRESSION – Led by Pastor Christine Nolf, Redemption Church.

ROLL CALL

Present: Council Member Chavez, Council Member Gameros, Council Member Harper, Council Member Marr, Council Member Reynolds, Mayor Pro Tem Harlan, and Mayor Stephens.

Absent: None.

CITY ATTORNEY CLOSED SESSION REPORT – No reportable action.

PRESENTATIONS:

An update on the Active Transportation Committee was provided by Ralph Taboada, Chair and Bridget Gleason, Vice Chair.

PUBLIC COMMENTS – MATTERS NOT LISTED ON THE AGENDA

Speaker, spoke on Irvine Connect a new free shuttle service in Irvine.

Shirley McDaniels spoke against the proposed housing project at the Senior Center due to concerns on the infrastructure and parking.

Janna Moore and Ella Mootz, advocated for the fight against epilepsy, and spoke on the Epilepsy walk at Tewinkle Park.

Speaker, spoke on the problems associated with illegal street vendors.

Daniel Morgan, Costa Mesa, spoke on challenges associated with the planning and building permitting process, and the costs.

Patty Bonilla, Costa Mesa, spoke on the problems associated with illegal street vendors.

Frank Spitzer, spoke on problems associated with the group home on Joann Street and spoke on excessive police calls to the property.

Speaker, spoke on excessive police calls to the group home on Joann Street.

Speaker, spoke on excessive police calls to the group home on Joann Street, problems associated with the group home, and spoke on safety issues.

Alan Mayeda, spoke in opposition to the development at the senior center due to parking concerns and costs.

Becca Walls, spoke on the Priceless Pets contract and requested that the trap and release provision be included in the contract.

Speaker, spoke on a dog park and a variety of issues.

COUNCIL MEMBER COMMITTEE REPORTS, COMMENTS, AND SUGGESTIONS

Council Member Chavez spoke on addressing the issues associated with the group home on Joann Street, spoke on the upcoming Strategic Planning Session and requested the following items for council consideration: tree canopies, efficiency in government, customer service, and rezoning.

Council Member Gameros spoke on illegal street vendors, spoke on the Women in STEM event at the Norma Hertzog Community Center, spoke on home ownership, and employment for young adults.

Council Member Harper spoke on emailing the Council Members with concerns or questions.

Council Member Marr spoke on issues associated with the Joann Street property, spoke on the senior center housing project and parking, and spoke on expediting the permitting process.

Council Member Reynolds spoke on publicizing the tree planting program, spoke on the Women in STEM event at the Norma Hertzog Community Center, requested an update on the bike safety education program, spoke in support of public information and education on traffic calming measures, and spoke on community events for Bike Month and Pride Month.

Mayor Stephens spoke on the Strategic Planning Retreat on April 19th at the Norma Hertzog Community Center, spoke on the State of the City on April 24th, spoke on the Radiant Health Center event on April 13th, spoke on Supervisor Foley's event at Orange County Museum of Art and that Tina Hanley received the award for Women in Law and Justice, spoke on throwing the first pitch at the Battle of the Bell game, spoke on visiting the Art of Jujitsu business, requested an update on the illegal street vendors, spoke on addressing the 250 Joann Street issues, and spoke on updating the Trap and Release policy.

REPORT – CITY MANAGER – Ms. Farrell Harrison spoke on addressing the illegal street vendors issues, and introduced Brian Gruner, Parks and Community Services Director; Delcie Hynes, Emergency Services Manager; and Mark Khao, Budget and Purchasing Manager.

Assistant City Manager Ms. Gallardo-Daly spoke on addressing issues at the 250 Joann Street group home.

Police Chief Lawrence spoke on the calls for service at the 250 Joann Street group home.

REPORT – CITY ATTORNEY – NONE.

CONSENT CALENDAR

MOVED/SECOND: Council Member Chavez/Mayor Pro Tem Harlan

MOTION: Approve the Consent Calendar.

The motion carried by the following roll call vote:

Ayes: Council Member Chavez, Council Member Gameros, Council Member Harper, Council Member Marr, Council Member Reynolds, Mayor Pro Tem Harlan, and Mayor Stephens.

Nays: None.

Absent: None.

Abstain: None.

Motion carried: 7-0

1. PROCEDURAL WAIVER: WAIVE THE FULL READING OF ALL ORDINANCES AND RESOLUTIONS

ACTION:

City Council and Housing Authority approved the reading by title only and waived full reading of Ordinances and Resolutions.

2. READING FOLDER

ACTION:

City Council received and filed Claims received by the City Clerk and authorized staff to reject any and all Claims: Morgan & Morgan (Heidi Kearns), Eli Navarette, Gary Reynolds.

3. ADOPTION OF WARRANT RESOLUTION

ACTION:

City Council approved Warrant Resolution No. 2714.

4. MINUTES

ACTION:

City Council approved the minutes of the regular meeting of March 19, 2024.

5. DESIGNATION OF VOTING DELEGATE FOR THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG) 2024 REGIONAL CONFERENCE AND GENERAL ASSEMBLY

ACTION:

City Council designated Council Member Arlis Reynolds as the delegate for the upcoming 2024 Annual Southern California Association of Governments (SCAG) Regional Conference and General Assembly.

6. AMENDMENT TO THE CITYWIDE TRAFFIC SIGNAL MAINTENANCE CONTRACT

ACTION:

- 1. City Council approved the First Amendment to the Maintenance Services Agreement (MSA) with Yunex LLC to provide maintenance of the City’s traffic signals, increasing the annual compensation for current and future years of the MSA by \$100,000, for an annual amount not to exceed \$500,000.
- 2. Authorized the City Manager and the City Clerk to execute the agreement and future amendments to the agreement.

7. REJECT ALL BIDS - WILSON, WAKEHAM, AND TEWINKLE PARKS BRIDGES REPLACEMENT PROJECT, CITY PROJECT NO. 23-12

ACTION:

City Council rejected all bids for the Wilson, Wakeham, and TeWinkle Parks Bridges Replacement Project, City Project No. 23-12.

AT THIS TIME COUNCIL WILL ADDRESS ANY ITEMS PULLED FROM THE CONSENT CALENDAR

-----END OF CONSENT CALENDAR-----

City Council recessed into a break at 7:26 p.m.

City Council reconvened at 7:41 p.m.

PUBLIC HEARINGS:

- 1. **SECOND READING OF ORDINANCE NO. 2024-02 AMENDING TITLE 13 (PLANNING, ZONING AND DEVELOPMENT) OF THE COSTA MESA MUNICIPAL CODE TO ESTABLISH AFFORDABLE HOUSING REQUIREMENTS FOR NEW RESIDENTIAL DEVELOPMENT PROJECTS AND FEE RESOLUTION TO ESTABLISH THE AFFORDABLE HOUSING IN-LIEU FEE SCHEDULE**

Presentation by Ms. Huynh, Principal Planner.

Public Comments:

Christine Nolf, Costa Mesa, spoke in support of an Inclusionary Housing Ordinance, spoke on housing costs, increasing the maximum amount of affordable housing in the city, spoke in support of 15% low or 10% very low on projects over 40 units, and spoke in support of establishing strong in-lieu fees.

Jacob Sanchez, Costa Mesa, spoke in support of 15% low income on projects.

Speaker, Costa Mesa, spoke on the high rental costs and in support of 15% low income on projects.

Cynthia McDonald, Costa Mesa, spoke on market rate units, overall ratio, and in support of 15% low income on projects.

Reina Cuthill, Costa Mesa, spoke in support of 15% low income on projects, supports a strong affordable housing ordinance that will impact generations to come.

Speaker, spoke on the need for extremely low-income housing, and in support of 15% low income on projects.

Speaker, spoke in support of affordable housing.

Jenn Tanaka, Costa Mesa, spoke on the timeline for rezoning requirements, the Housing and Community Development suggestions and the change in wording from “can” to “shall”, and that a 20% builders remedy is too high.

Speaker, spoke on incentives, taxes, and assisting first time homebuyers.

Adam Wood, Building Industry Association, spoke on the Planning Commission recommendations, spoke on moving forward with a program that will actually provide more housing, spoke on the City of Santa Ana as a good comparison, and that affordable housing is linked to supply.

Cesar Covarrubias, Executive Director of Kennedy Commission, spoke on the number of units in production in Santa Ana, supports a 15% low income, and spoke on the City of Santa Ana’s fees.

Speaker, spoke in support of a strong affordable housing requirement.

Tim O’Brien, Legacy Partners, spoke on the percentages needing to be competitive, spoke on industrial building and zoning, and spoke in support of the Planning Commission’s recommendation.

George Sakioka, Sakioka Company, spoke on developers meeting the requirements and market forces, spoke on the Planning Commission’s recommendation, spoke on timing of the ordinance and zoning enhancements, and on guarantees for long term development.

Christian Garcia, Costa Mesa, spoke on the need for affordable housing, spoke on increasing the percentages, spoke on creating better environments for families, and in support of 15% low income on projects.

Priscilla Rocco, spoke in support of an inclusionary housing ordinance, and in support of 15% low income and 10% for very low income.

MOVED/SECOND: Council Member Marr/Council Member Reynolds

MOTION: Approve staff recommendation with the following changes:

- At 60 or more dwelling units per acre, 15% low income and 10% very low income.
- Strike Section 2 related to ownership residential projects and remove references to ownership from the ordinance.
- Adopt in-lieu fees as proposed.

SUBSTITUTE MOTION/SECOND: Mayor Pro Tem Harlan/Council Member Chavez

SUBSTITUTE MOTION: Approve staff recommendations with the following changes:

- Allocate \$2.5 million in the 2024/2025 budget for an Affordable Housing Trust Fund.
- Increase threshold to 50 dwelling units.
- At 60 units per dwelling acre, 10% low income and 5% very low income.
- Strike section two related to ownership residential projects and remove references to ownership from the ordinance.
- The ordinance will be effective upon the adoption of rezoning by the City Council.

SECOND SUBSTITUTE MOTION/SECOND: Council Member Reynolds/Council

Member Marr

SUBSTITUTE MOTION: Staff recommendation with the following changes:

- At 60 units per dwelling acre, 10% low income, and 5% very low income.
- Allocate \$2.5 million in the 2024/2025 budget into an Affordable Housing Trust Fund, including a first-time home ownership program.
- Direct staff to bring back strategies & needs possibly via a study session to accelerate rezoning.
- Streamline projects subject to the affordable housing ordinance.
- Adopt the in-lieu fee resolution as presented.

Discussion ensued on the threshold and on in-lieu fees.

Council Member Reynolds clarified her motion to include the threshold to be 50 dwelling units, strike section two (2) related to ownership residential projects and remove references to ownership from the ordinance, defer in-lieu fees, and the ordinance shall take effect thirty (30) days after adoption.

SECOND SUBSTITUTE MOTION/SECOND: Council Member Reynolds/Council

Member Marr

SUBSTITUTE MOTION: Staff recommendation with the following changes:

- At 60 units per dwelling acre, 10% low income, and 5% very low income.
- Allocate \$2.5 million into an Affordable Housing Trust Fund, including a first-time home ownership program.
- Direct staff to bring back strategies & needs possibly via a study session to accelerate rezoning.
- Streamline projects subject to the affordable housing ordinance.
- Increase the threshold to 50 dwelling units.
- The Ordinance shall be effective 30 days after adoption (pursuant to State Law).
- Strike section two (2) related to home ownership projects in the ordinance.
- Defer in-lieu fees to a future meeting.

The motion carried by the following roll call vote:

Ayes: Council Member Chavez, Council Member Gamos, Council Member Harper, Council Member Marr, Council Member Reynolds, Mayor Pro Tem Harlan, and Mayor Stephens.

Nays: None.

Absent: None.

Abstain: None.

Motion carried: 7-0

ACTION:

1. City Council found that the project is categorically exempt from the California Environmental Quality Act (CEQA), Section 15061(b)(3) ("General Rule").
2. Gave first reading to Ordinance No. 2024-02 approving the Affordable Housing Ordinance and amending Title 13 to establish the affordable housing requirements for new residential development projects.
3. Deferred Resolution No. 2024-10 establishing the affordable housing in-lieu fee schedule to a later date.

City Council recessed into a break at 10:30 p.m.

City Council reconvened at 10:46 p.m.

OLD BUSINESS:

1. **CITY COUNCIL FIRST READING OF ORDINANCES TO AMEND TITLE 13 (PLANNING, ZONING AND DEVELOPMENT) AND TITLE 9 (LICENSES AND BUSINESS REGULATIONS) OF THE COSTA MESA MUNICIPAL CODE TO MODIFY THE CITY'S RETAIL CANNABIS PROVISIONS AND FIND THIS PROJECT TO BE CATEGORICALLY EXEMPT FROM CEQA**

Presentation by Ms. Halligan, Senior Planner.

MOVED/SECOND: Council Member Marr/Council Member Gamos

MOTION: Limit Public Comment time to 2 minutes each.

The motion carried: 5-2.

Public Comments:

Joe Zappala, spoke on signage and allowing dispensaries to identify their business.

Speaker, expressed concern that a cap of 35 is too high and requested a buffer zone between stores.

Mike Hannegan, Secret Garden, spoke on allowing signage that identifies it is a dispensary, cannabis store, or has a green cross.

Speaker, spoke on changing the numeric limit from Cannabis Business Permit to Conditional Use Permit, remove the legal non-confirming status from being attached to existing stores, requested to remove the requirement that each financial interest holder obtain a business license.

Speaker, spoke in support of a cap at 35, and in support of changing the signage to allow identification of the business.

Speaker, indicated the cap of 35 is too high and spoke on the separation requirements.

MOVED/SECOND: Mayor Stephens/Council Member Gamos

MOTION: Approve staff recommendations with the following changes:

- Continue to process the 35 CUP applications, accept no other applications for 3 years, then at that time City Council can decide whether to accept additional applications, and if they decide to, what constraints or buffers.
- Direct staff to process the remaining 12 CUP applications by the end of 2024, based on the readiness of the application, not if Tier 1 or Tier 2 system.
- If subsequently there is a sale or change in ownership of an existing CUP they can apply for a CBP.

Discussion ensued on the financial interest business license requirement.

Mayor Stephens added to the motion to strike that each financial interest holder shall obtain a business license.

SUBSTITUTE MOTION/SECOND: Council Member Marr/Council Member Chavez

SUBSTITUTE MOTION: Approve staff recommendation.

Mayor Pro Tem Harlan requested to strike that each financial interest holder shall obtain business license requirement.

Council Member Marr did not agree to the change.

SUBSTITUTE MOTION/SECOND: Council Member Marr/Council Member Chavez

SUBSTITUTE MOTION: Approve staff recommendation.

The motion carried by the following roll call vote:

Ayes: Council Member Chavez, Council Member Gamos, Council Member Harper, Council Member Marr, Council Member Reynolds, and Mayor Pro Tem Harlan.

Nays: Mayor Stephens.

Absent: None.

Abstain: None.

Motion carried: 6-1

ACTION:

1. City Council found that the project is categorically exempt from the California Environmental Quality Act (CEQA), Section 15061(b)(3) (“General Rule”).
2. Introduced for first reading, by title only, Ordinance No. 2024-03 amending Title 13 (Planning, Zoning and Development) and Ordinance No. 2024-04 amending Title 9 (Licenses and Business Regulations) of the Costa Mesa Municipal Code to modify the City’s retail cannabis provisions.

NEW BUSINESS:

1. **AWARD OF FIRE STATION NO. 4 TRAINING TOWER AND SITE IMPROVEMENTS PROJECT, CITY PROJECT NO. 23-04, AND FINDING OF A CATEGORICAL EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

Presentation by Mr. Yang, City Engineer.

Public Comments:

Speaker, spoke on the Finance and Pension Advisory Committee reviewing the item and inquired if the scope had increased.

MOVED/SECOND: Council Member Gameros/Council Member Chavez

MOTION: Approve staff recommendation.

The motion carried by the following roll call vote:

Ayes: Council Member Chavez, Council Member Gameros, Council Member Harper, Council Member Marr, Council Member Reynolds, Mayor Pro Tem Harlan, and Mayor Stephens.

Nays: None.

Absent: None.

Abstain: None.

Motion carried: 7-0

ACTION:

1. City Council found that the Fire Station No. 4 Training Tower and Site Improvements Project, City Project No. 23-04, is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA guidelines Section 15301.
2. Adopted plans, specifications, and working details for the Fire Station No. 4 Training Tower and Site Improvements Project, City Project No. 23-04.
3. Authorized the City Manager and City Clerk to execute a Public Works Agreement (PWA) in a not to exceed amount of \$3.5 million and future contract amendments as approved by the City Attorney within City Council authorized limits to Caliba, Inc., 8031 Main Street, Stanton, California 90680.

4. Authorized the City Manager and City Clerk to execute a Professional Services Agreement (PSA) in the amount of \$347,241 and future contract amendments as approved by the City Attorney and within City Council authorized limits to STV Construction, Inc., 1055 West 7th Street, Suite 2900, Los Angeles, California 90017.
5. Authorized the City Manager to negotiate change orders, as needed, to split the project into phases based on available funding, and explore financing options, including bond financing, with final bond documents to be brought to the City Council for final adoption, to fund the remaining unfunded portion of the project's construction costs currently totaling \$1.5 million for the second phase of the project.

MOVED/SECOND: Council Member Chavez/Mayor Stephens

MOTION: Continue New Business item No. 2 to the next regularly scheduled meeting.

SUBSTITUTE MOTION/SECOND: Council Member Harper/Council Member Marr

SUBSTITUTE MOTION: Adjourn the meeting and continue the remaining items to the April 16th meeting.

The motion carried by the following roll call vote:

Ayes: Council Member Chavez, Council Member Gameros, Council Member Harper, Council Member Marr, Mayor Pro Tem Harlan, and Mayor Stephens.

Nays: Council Member Reynolds.

Absent: None.

Abstain: None.

Motion carried: 6-1

2. FISCAL YEAR 2023-24 MID-YEAR BUDGET UPDATE AND ADJUSTMENTS

ACTION:

City Council continued the item to the April 16, 2024 City Council meeting.

3. APPOINTMENTS TO VARIOUS CITY COMMITTEES

ACTION:

City Council continued the item to the April 16, 2024 City Council meeting.

ADDITIONAL COUNCIL/BOARD MEMBER COMMITTEE REPORTS, COMMENTS, AND SUGGESTIONS – NONE.

ADJOURNMENT – Mayor Stephens adjourned the meeting at 11:46 p.m.

Minutes adopted on this 21st day of May, 2024.

John Stephens, Mayor

ATTEST:

Brenda Green, City Clerk