

MINUTES
GARDEN GROVE AGENCY
FOR
COMMUNITY DEVELOPMENT

A regular meeting of the Garden Grove Agency for Community Development was called to order in the Council Chamber of the Community Meeting Center, 11300 Stanford Avenue, on Tuesday, June 28, 2005, at 7:34 p.m.

ROLL CALL: PRESENT: (5) CHAIR NGUYEN, MEMBERS DALTON, KREBS, LEYES, ROSEN

ABSENT: (0) NONE

ALSO PRESENT: Director, Matthew Fertal; Assistant Director, Les Jones; Community Development Director, Susan Emery; Economic Development Manager, Chet Yoshizaki; Legal Counsel, John Shaw; and Secretary, Ruth Smith.

ORAL COMMUNICATIONS - PUBLIC

Peggy Bergin addressed the Agency and spoke about the recent Supreme Court ruling on eminent domain. (F: A-53.3)

Doug Hitchcock addressed the Agency, speaking on Harbor Boulevard development, and redevelopment in general, alleging that the Agency has broken his livelihood. He further commented negatively on the borrowing of a portion of the Agency's Low and Moderate Income Housing Funds for the purpose of paying its ERAF payment. (F: A-53.3) (XR: A-34.1)

RECESS

At 8:03 p.m., the Chair declared a recess.

RECONVENE

At 8:15 p.m., the meeting was reconvened with Chair Nguyen and all Agency members in attendance.

MINUTES (F: Vault)

Member Rosen requested a correction be made in the Minutes relative to the Agreement with the Chamber of Commerce. The fourth paragraph of this item was amended to read: ".....the hotels pay 1 percent of their sales tax to local government," and "the hotel tax has gone from \$1 million in 1999 to \$8 million this fiscal year."

It was moved by Member Dalton, seconded by Member Krebs, and carried by unanimous vote, that the Minutes of the Regular Meeting of the Agency held June 14, 2005, be and hereby are approved, as corrected.

PUBLIC HEARING TO CONSIDER THE AGENCY'S PROPOSED BUDGET FOR FISCAL YEAR 2005-06 (F: A-34.1)

Staff reports dated June 28, 2005, were introduced, and staff presented an overview of the major program objectives for both Economic Development and Housing and Neighborhood Improvement; and presenting suggested administrative appropriations that will benefit the Agency and the project areas for the ensuing year. It was noted that dollars that will actually be designated for new development are very limited, which means that the Agency will have to continue to explore new methods and ways of financing projects. The total proposed budget for Fiscal Year 2005-06 is \$24,236,800, with total operating costs of \$21,650,000.

Chair Nguyen declared the public hearing opened and asked if anyone wished to address the Agency on this matter.

Ray Littrell addressed the Agency and provided the members with pages 9 and 10 of the Agency's Statement of Activities and Statement of Net Assets for the year ending June 30, 2004. He pointed out transfers from the City in the amount of \$5,616,799 and non-current liabilities payable to the City in the amount of \$23,727,840. He asked if the same thing is going to happen this year. He commented on the figures presented in the proposed budget, asking if the City has so much bed tax that it is now giving it to the Agency. He commented that the City would have plenty of money to spend on services if it didn't loan about \$6 million a year to the Agency, further commenting that this has happened every year for the last five years.

Tony Flores addressed the Agency, presenting a copy of the "Minority Report of the Community Financial Working Group" authored by Verla Lambert and him. He reviewed portions of that

report dealing with "Reasons to Question the Proposal of 'Continued Redevelopment' in Garden Grove." He questioned Transient Occupancy Tax (TOT) figures presented and stated that the public was misled when the increased bed tax was proposed. He referenced several figures given for a parking structure, suggesting that the Marriott Hotel should give the City back \$10 million since it did not build a parking structure. He then referenced a portion of his report entitled "Reasons to Question the Proposal of Creating a 'Utility Users Tax' in Garden Grove," stating the money does not always go where it is said it will go. He reviewed other figures presented, noting that redevelopment needs to be reformed and \$24 million needs to be paid back to the City.

There being no further response from the audience, the public hearing was declared closed.

In reference to comments made by Mr. Littrell, Member Rosen noted that at all of the TOT money would not exist if it weren't for the hotels on Harbor Boulevard.

Chair Nguyen inquired about the First-Time Homebuyers Program, and inquired about its viability. The Director indicated that a portion of it is still being funded out of the Housing set-aside account. Member Leyes noted that many realtors are familiar with this program and are able to present it to eligible clients.

Member Rosen referenced the approximately \$1.5 million figure paid to the state Educational Revenue Augmentation Fund (ERAF) payment, noting that there is a parallel figure in the City's budget. He reviewed the historical background of this payment and its impact on the City's and Agency's budget, noting that this will continue through this next fiscal year's budget.

MEMBER LEYES LEFT THE MEETING AT 8:42 P.M. AND REJOINED THE MEETING AT 8:44 P.M.

RESOLUTION NO. 649

It was moved by Member Rosen, seconded by Member Krebs, and carried by unanimous vote, that full reading of Resolution No. 649 be waived, and said Resolution entitled A RESOLUTION OF THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT ADOPTING AN ANNUAL BUDGET FOR FISCAL YEAR 2005-06, be and hereby is adopted.

RESOLUTION NO. 650

It was moved by Member Leyes, seconded by Member Krebs, and carried by unanimous vote, that full reading of Resolution No. 650 be waived, and said Resolution entitled A RESOLUTION OF THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT'S EXPENDITURE OF FUNDS FOR THE PROVISION OF CERTAIN ADMINISTRATIVE FUNCTIONS, be and hereby is adopted.

RESOLUTION APPROVING THE BORROWING OF A PORTION OF THE AGENCY'S LOW AND MODERATE INCOME HOUSING FUNDS FOR THE PURPOSE OF PAYING ITS EDUCATIONAL REVENUE AUGMENTATION FUND PAYMENT FOR FISCAL YEARS 2005-06 (F: A-34.1)

Staff report dated June 28, 2005, was introduced.

RESOLUTION NO. 651

It was moved by Member Rosen, seconded by Member Leyes, and carried by unanimous vote, that full reading of Resolution No. 651 be waived, and said Resolution entitled A RESOLUTION OF THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING THE BORROWING OF A PORTION OF ITS LOW AND MODERATE INCOME HOUSING FUNDS FOR THE PURPOSE OF PAYING ITS EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF) PAYMENT FOR FISCAL YEAR 2005-06, be and hereby is adopted.

ADJOURNMENT

At 8:48 p.m., the meeting was declared adjourned.

RUTH E. SMITH
SECRETARY