

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, July 13, 2004, at 7:16 p.m.

ROLL CALL: PRESENT: (5) CHAIRMAN ROSEN, MEMBERS BROADWATER, DALTON, LEYES, TRAN

ABSENT: (0) NONE

ALSO PRESENT: Director, Matthew Fertal; Assistant Director, Les Jones; Community Development Director, Susan Emery; Economic Development Manager, Glen Krieger; Finance Officer, Kingsley Okereke; Legal Counsel, John Shaw; and Secretary, Ruth Smith.

ADJOURN TO CLOSED SESSION

At 7:17 p.m., the meeting was adjourned to the Founders Room for Closed Session under the Ralph M. Brown Act. It was announced that pursuant to Government Code section 65956.8, the Agency Board will confer with its real property negotiator (Agency Director) regarding the terms of possible sale of Agency property identified as Assessor Parcels 089-071-24 & 089-661-03,04,05. The negotiating parties are Urban Pacific KB Homes, Meredith Enterprises, Golden Triangle Park LLC; and the possible terms of Agency purchase of real property described as Assessor Parcels No. 089-071-25 (P.O.- Jose Gonzalez); 089-071-06, 07, 13; 089-071-11 (P.O.- Dal Ruebsamen); 089-071-08,12 (P.O.- John Nelson); 089-071-25 (P.O.- Joann Ayala); 089-661-06 (P.O.- Minh Tran).

RECESS

At 7:48 p.m., the Chairman declared a recess.

RECONVENE

At 7:53 p.m., the meeting was reconvened with Chairman Rosen and all Agency members in attendance, and it was announced that the matter previously disclosed was discussed, and no action was taken.

ORAL COMMUNICATIONS – PUBLIC

Ray Littrell addressed the Agency concerning several projects being proposed that are on or near Gilbert Street, expressing concern that they will impact residents because of reduced service levels. He presented ten questions to the Council concerning these projects. (F: A-53.3)

Cheryl Armstrong addressed the Agency expressing concern that developments are being approved and proposed with no funds for additional services to mitigate the impact. (F: A-53.3)

RECESS

At 8:04 p.m., the Chairman declared a recess.

RECONVENE

At 8:18 p.m., the meeting was reconvened with Chairman Rosen and all members in attendance.

PARKING LEASE AGREEMENT WITH OHI RESORT HOTELS, LLC, TO LEASE AGENCY-OWNED PROPERTY LOCATED AT 12171, 12185-91, AND 12221 HARBOR BOULEVARD (ALSO KNOWN AS B-2 SITE) (F: A-55.171A)

Staff report dated July 13, 2004, was introduced.

It was moved by Member Leyes, seconded by Member Tran, and carried by unanimous vote, that the Parking Lease Agreement with OHI Resort Hotels, LLC, to lease Agency-owned real property located at 12171, 12185-91, and 12221 Harbor Boulevard (also known as B-2 site), be and hereby is approved; and the Director and Secretary are authorized to execute the agreement.

MINUTES (F: Vault)

It was moved by Member Leyes, seconded by Member Tran, and carried by unanimous vote, that the minutes of the Regular Agency

for Community Development meeting held June 22, 2004, be and hereby are approved.

SELECTION OF A DEVELOPER FOR THE 16.5-ACRE BROOKHURST TRIANGLE, BOUNDED BY BROOKHURST STREET, GARDEN GROVE BOULEVARD, AND BROOKHURST WAY (F: A-55.304) (XR: A-116.7)

Staff report dated July 13, 2004, was introduced. Staff provided background information concerning this matter and reviewed the proposed project description and financial strength of each of the three finalists, as prepared by Keyser Marston Associates.

Staff noted that the three finalists are Urban Pacific Builders/KB Homes/Lauth Property Group; Meredith Enterprises, Inc.; and Charles Kim & Ted Yoon and Associates. It was further noted that Urban Pacific was the only developer who provided a market feasibility study.

The proposals were evaluated by staff based on the following criteria as stated in the Request for Proposals: Development Team/Entity; Development Criteria or Tenant History; Business Terms; Financial Capacity; and Development Proposal Concept. It was noted that Urban Pacific/KB Home scored 95 total points, while Meredith and Charles Kim/Ted Yoon both scored 83 points.

Urban Pacific/KB Homes project description includes 120 condominium units located in two high-rise towers, and 390 loft, town home and live/work units to be constructed in eight buildings. The commercial component is proposed to include a grocery store and neighborhood retail and restaurant uses.

Staff reviewed the merits of the Urban Pacific/KB Homes proposal. The proposal is economically feasible and requires no Agency assistance or land write down. The purchase price offered by Urban Pacific/KB Homes is \$25.5 million. The development team has the financial resources to complete the project. The proposal meets the Agency's development goals for the Brookhurst Triangle by creating a landmark development that maximizes development potentials and revenues to the City. The development team has the necessary development expertise and experience to complete the project.

The Director noted that representatives from two of the companies are in the audience; however, Meredith representatives are not present because they were called out of town.

Ted Yoon addressed the Agency and commented on the merits of their proposal, being the Golden Triangle Park.

Mark Talley, representing Urban Pacific, addressed the Agency. He commented on the merits of their proposal. In response to an inquiry by Member Leyes, Mr. Talley noted that use of the parcel on the northerly end is optional. In response to an inquiry by Member Tran, he noted that after the contract is awarded they would proceed with a community outreach process. In response to an inquiry by Member Dalton, he noted that this would be a one-phase project to be completed in 24 months.

James Rickheimer addressed the Agency, noting that he presently is in escrow for the northern tip of the property, north of Stanford Avenue, for a Starbucks business. He expressed support for Urban Pacific's proposal.

Laurie Merrick addressed the Agency, expressing concern about the added influx of students into the Garden Grove school system from this development. She complained that neighborhood groups were not contacted about this project. Further, adding additional retail does not make sense, referencing existing vacancies on Chapman Avenue. She would like to see development that benefits the community, not that simply brings in tax dollars.

Sheldon Singer addressed the Agency, expressing his support for the Golden Triangle Park proposal submitted by Charles Kim & Ted Yoon and Associates.

Harry Pearce addressed the Agency, expressing concern about the process, inquiring about how those properties not currently owned by the City will be acquired. He suggested that the City should develop the property it currently owns, indicating that a threat of eminent domain is abusive.

Joe Pak addressed the Agency, suggesting that perhaps some information was not given to Agency members and the staff report may be liable for litigation. He expressed support for the Golden Triangle Park project, noting that there is a need for another community meeting center in Garden Grove.

Carolyn Rowland addressed the Agency, noting that she has questions about the process and concern that staff did not pay attention to written comments by residents that were made early in the process. She expressed concern that existing businesses are suffering.

Robin Marcario addressed the Agency, expressing concern about the impact on sewers, schools and public services. She suggested incorporating a park into the development.

Ed Hodges addressed the Agency, requesting support for the Golden Triangle Park project, noting that they have talked to the local people about it.

Gary Brown addressed the Agency, expressing his concern about bringing in additional retail with existing businesses having problems.

MEMBER BROADWATER LEFT THE MEETING AT 9:10 P.M.

Tony Nguyen addressed the Agency, expressing support for the Golden Triangle Park project.

MEMBER BROADWATER REJOINED THE MEETING AT 9:15 P.M.

Euiwon Chough addressed the Agency, requesting support for the Golden Triangle Park project.

Herb Lieberman addressed the Agency, expressing concern about the credibility of the staff report. He noted that he prefers the Golden Triangle Park project because it includes a needed community meeting center.

Jeffrey Rogers addressed the Agency, expressing concern about the infrastructure, noting that it should be in place first and urging that the Agency members and staff look at the whole picture and not create a hodgepodge mess.

Janine Fowler addressed the Agency, noting the importance of looking at the impacts from the project, such as deficiency in sewers and schools. Projects such as this brings in more children, and our parks are being depleted.

Kevin Lambert addressed the Agency, indicating that this project brings a change without thought, direction, and purpose, alleging the Agency members thought only about money.

Liz Raganold addressed the Agency, noting that she appreciates the forums that have been held; however, she believes decisions may have already been made. The infrastructure should be improved first. She suggested a botanical garden and park be placed on this site, noting that it could be changed later. She also expressed

concern about overcrowding in schools. There is currently too much vacant retail in the city. She does not want to go through another referendum.

Charles Kim addressed the Agency. He spoke about the Brookhurst/Chapman shopping center owners, noting that they are not interested in leasing commercial space although he and Ted Yoon offered them \$14.5 million. He further noted that two banks tried to open branch offices on Garden Grove Boulevard; however, no space was available in the area of Garden Grove Boulevard and Brookhurst Street. Commercial spaces are needed for all ethnic groups.

Chairman Rosen commented that this has been going on for about two years now. He reviewed the past history of considering developments for this property and the public meetings that were held. He noted that a lot of proposals were heard for a community meeting center and for and against the high rises; however, very few people spoke out about placing a park on this site or proposing other alternatives. At that time the Council clearly stated that they did not want any projects that would require a City subsidy. This is a prime intersection in the city and a place where the City ought to be able to maximize its revenue; and because of its location would not be a good parkland.

Member Leyes referenced comments that were made about the staff report and some numbers that were discounted, and he asked staff for some clarification.

The Director responded that the Agency has been involved in pursuing retail development in the city for 20 years. Most recently as part of the Master Plan for Harbor Boulevard various experts in market analysis were hired, one of which was an expert in retail. They concluded that additional retail development in Garden Grove is very limited. Based on that and other information, they concluded that Urban Pacific's earlier version that included almost 220,000 square feet of retail was too much retail for that area. So staff felt that we had enough justification to discount the amount of retail that was being projected from the two other proposals. And based on the sales per square foot that is generated in retail in Garden Grove, it was believed that those sales numbers that they had provided would not be achieved, and that was the basis for discounting the numbers.

Chairman Rosen referenced Mr. Pearce's comments about acquiring the rest of the Triangle, and he asked how that would be accomplished.

The Director responded that once a decision is made, the City would then go through the process of notifying the current owners, all the properties would be appraised, and when the project is at a point to go forward, offers would be made as are done on any redevelopment project. Remaining owners have been notified by through the Owner Participation process; however, no discussions have yet taken place relative to acquiring properties.

In response to Member Tran's question relative to potential sewer, traffic, and educational impacts, the Director noted that if the City had sufficient revenue and funds, these issues could be taken care of prior to development occurring. So we would rely on the development itself to provide the necessary funds to cover these impacts. So as part of the development entitlement process, they will be assessed their share of the cost to increase and upgrade the infrastructure. Relative to the school district, the developer is assessed a fee on a per square foot basis that is used to cover the cost of providing additional school facilities. Additionally, the Agency retains less than half of the property taxes that are generated off of this project, with the other half going to the school district.

Member Broadwater commented that the City knows it has problems with strip malls being successful. However, this Agency has not approved strip malls in the last ten years. Relative to the southwest corner of Chapman Avenue and Brookhurst Street, the design of that mall is a sample of how not to build a mall. Homes and apartments are being built in surrounding cities, which accounts for much of the heavily trafficked streets. He noted that he likes what Mr. Kim and Mr. Euwan have done with their Golden Triangle Park project, and he would like to stay with local developers.

In response to an inquiry by Member Tran, the Director noted that there is room for some flexibility in the preliminary proposals, but not significant changes. Additionally, there will be more opportunities for public input.

Member Leyes commented that he likes all three proposals. After commenting on the criteria and comparisons, he indicated that he supports the selection of Urban Pacific Builders/KB Home as the developer for the Brookhurst Triangle.

Ted Yoon indicated that they are willing to modify their plan if necessary, commenting that their plan would take between four and five years for completion. He also commented that they know the community.

Mark Talley noted that they feel a mixed use is beneficial to the city. He spoke of some of his other projects and noted that they are happy to work with the community.

Member Dalton commented on the three proposals, noting that this is a golden opportunity, and he expressed support for Urban Pacific.

Member Tran also expressed his support for Urban Pacific, commenting on their experience, the feasibility study, and their flexibility.

Member Rosen commented that because they know everyone, it is a difficult decision to make; however, he took an oath to do what is best for the city. He noted that he believes Urban Pacific's two ten-story towers are placed well, and their proposal is more compatible with the surrounding residential neighborhoods and include less retail. He noted he has concern about supporting a proposal because it incorporates a community meeting center, commenting on the importance of approving staff's recommendation because it gives them the credibility to go out for other projects in the city.

Member Broadwater commented on the likelihood that none of the proposed developments would remain the same. He acknowledged the fine work of Mr. Yoon and Mr. Kim with the Golden Triangle Park.

Member Dalton moved, seconded by Member Leyes, that Urban Pacific Builders/KB Home be and hereby is selected as the developer for the Brookhurst Triangle. Said motion carried by the following vote:

AYES:	MEMBERS: (4)	DALTON, LEYES, TRAN, ROSEN
NOES:	MEMBERS: (1)	BROADWATER
ABSENT:	MEMBERS: (0)	NONE

RECESS

At 10:53 p.m., the Chairman declared a recess.

RECONVENE

At 11:12 p.m., the meeting was reconvened with Chairman Rosen and all members in attendance.

PUBLIC HEARING TO CONSIDER THE DEVELOPMENT OF THE FORMER COSTCO BUILDING SITE LOCATED AT 11822 GILBERT STREET (A-55.303) (XR: A-55.106)

Chairman Rosen announced that his residence is within 500 feet of the subject property; therefore, he is turning the meeting over to Vice Chairman Dalton.

CHAIRMAN ROSEN LEFT THE MEETING ROOM.

Staff report dated July 13, 2004, was introduced, and staff reviewed the salient points of the proposed Owner Participation Agreement (OPA) with Gilbert Street Developers in order to facilitate the development of single-family homes on the former 9.08-acre Costco site, located at 11822 Gilbert Street. Background information was reviewed, and it was noted that the proposal does not include any City or Agency financial help.

Also introduced for the record was a communication dated July 13, 2004, from Rutan & Tucker, Attorneys at Law, wherein the Agency was asked to "honor its contractual commitments, uphold the law, and reject the ill-conceived condemnation and residential reuse project for the Former Costco Site."

Vice Chairman Dalton declared the public hearing opened and asked if anyone wished to address the Agency on this matter.

Tom Lynch, Senior Vice President of Hughes Investments, addressed the Agency, commenting that there is an omission to the staff report, i.e. negotiations that have taken place with a major retailer for not only the Costco site but other property as well. He indicated that a written offer was made and they had agreed to a site plan with the potential major tenant. He noted that the greatest difficulty is that with this OPA procedure it is very difficult to get the existing ownership excited about using the property in the manner that it was originally intended. He referenced the Rutan & Tucker communication.

Member Leyes questioned Mr. Lynch further about the referenced site plan, and Mr. Lynch noted that one of their plans includes the

use of the adjacent right-of-way and the use of the old Kaiser site, and the other one does not.

Jeff Oderman, Attorney with Rutan & Tucker came to the podium. At Member Tran's request, he summarized the contents of the communication that was previously introduced for the record. He concluded by alleging that this is a flagrant abuse of redevelopment powers.

Thom Falcon, La Quinta Development and one of the partners in Gilbert Street Developers, addressed the Agency on behalf of Gilbert Street Developers. He reviewed the steps taken through the whole OPA process. He noted that the reciprocal easement agreement is only being used to control the parcel. Further, he noted that the OPA is just a proposal; and if residential goes forward, there will be many more hearings to go through to approve any subdivision or site plans. He also noted that they would work with the surrounding neighbors.

In response to an inquiry from Member Tran, the Director noted that there have been ongoing opportunities to work with Hughes to find users for the former Costco site; and for various reasons they did not materialize. The site has proven to be a very difficult site for retail.

At the Agency's request, John Goetz of the Stradling law firm responded in detail to portions of the Rutan & Tucker allegations, noting that much of the letter relates to the condemnation and elimination of the REA, which is an agreement between Hughes and the owner of the Costco property, Gilbert Street Developers.

Cheryl Armstrong addressed the Agency, expressing concern regarding the density and two-story dwellings overlooking single-story backyards. She noted that they will be looking very closely as this unfolds.

Gary Brown addressed the Agency, expressing concern about the density and the rise in crime in their adjacent neighborhood. He further commented that a Wal-Mart retail store also would not be good for the community and would put other businesses out of business.

Fred Lochner addressed the Agency, suggesting that a Post Office be placed on this site. There is sufficient parking, with easy ingress and egress, unlike the current Post Office site. Vice Chairman Dalton noted that the Post Office is a good idea. Member

Broadwater noted that Federal Government trucks come in and out from the Post Office site all night long, and the City has no control over this, where they would have control over Wal-Mart delivery trucks.

Marge England addressed the Agency, urging that thought be given to keeping the density down.

Craig Durfey addressed the Agency, commenting that pedestrian walkway access be integrated into the updating of the site. He would also like to see a park incorporated into the site. Additionally, people attending the movie theater are taking up a majority of the parking in the center. There is a presence of graffiti in the center, and shrubs should be planted to hide the Pac Bell boxes.

Rick Cree addressed the Agency, complaining about the lack of maintenance that currently exists in the Center. He complained about the existence of poor water pressure in the area and noted his objection to a residential development on this site.

Ray Littrell addressed the Agency, noting that he has a lot of respect for Hughes Development, and they have done what they said they were going to do. Whereas, the Gilbert Street Developers' houses will not help the City very much financially. And if a Wal-Mart comes to town, the sales tax from them will help the City financially.

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

Member Leyes commented that there has been a lot of talk about the issue of condemnation, eminent domain on an REA, and some explanation of what that REA is; however, it is not the issue currently before the Agency. The OPA before the Agency is only a proposal, which could change and vary by perhaps ten percent. Before the Agency now is an OPA between the Agency and the Gilbert Street Developers and a negative declaration to that effect, and Member Leyes moved approval of such.

Member Tran commented that there are two contentious property owners or a developer who is interested in developing nine acres worth of property that is next to another development that is ongoing. And the City's position is that we want to upgrade and improve the area. This OPA is a very preliminary plan. The nine acres cannot sit there vacant for any longer. We have already lost ten years worth of opportunities there. Member Tran seconded the motion.

Member Broadwater noted that there has been a lot of City money already poured into that property, and he does not believe Wal-Mart would pay the price it would take to buy the property. Further, he does not believe putting in the residential homes will be well-accepted by the community there.

Member Leyes commented that he wants to go on record as saying that there is some blame to be shared here, whether Wal-Mart is a smoke screen or not. He is enthusiastic about the retail proposal, and hopes it is serious and workable. However, if the City delays any longer, another opportunity will be lost.

RESOLUTION NO. 643

Member Leyes moved, seconded by Member Tran, that full reading of Resolution No. 643 be waived, and said Resolution entitled A RESOLUTION OF THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING AN OWNER PARTICIPATION AGREEMENT BETWEEN THE AGENCY AND GILBERT STREET DEVELOPERS, LLC, AND MAKING CERTAIN OTHER FINDINGS IN CONNECTION THEREWITH, be hereby is adopted. Said motion carried by the following vote:

AYES: MEMBERS: (4) BROADWATER, LEYES, TRAN, DALTON
NOES: MEMBERS: (0) NONE
ABSENT: MEMBERS: (1) ROSEN

CHAIRMAN ROSEN REJOINED THE MEETING

ADJOURNMENT

At 12:25 a.m. on Wednesday, July 14, 2004, the meeting was declared adjourned.

RUTH E. SMITH
SECRETARY