



CITY COUNCIL AGENDA REPORT

MEETING DATE: FEBRUARY 2, 2004

ITEM NUMBER:

SUBJECT: SPECIFIC PLAN AMENDMENT SP-03-01
THEATER AND ARTS DISTRICT PLAN

DATE: JANUARY 21, 2004

FROM: DEVELOPMENT SERVICES DEPARTMENT/PLANNING DIVISION

PRESENTATION BY: R. MICHAEL ROBINSON, PLANNING & REDEVELOPMENT MANAGER

FOR FURTHER INFORMATION CONTACT: R. MICHAEL ROBINSON, PLANNING &
REDEVELOPMENT MANAGER (714) 754-5610

RECOMMENDATION:

1. Adopt attached resolution approving Specific Plan Amendment SP-03-01, to incorporate the Theater and Arts District Plan into the North Costa Mesa Specific Plan, or
2. Approve alternative concept prepared by Planning Commissioner Foley, and direct staff and the applicants to amend the North Costa Mesa Specific Plan and their respective development agreements, as required, to implement the alternative concept plan.

BACKGROUND:

Theater and Arts District Plan Requirements; The development agreements for the Segerstrom Town Center (DA-00-02), the Segerstrom Center for the Arts (DA-00-03), and Commonwealth Partners' Two Town Center (DA-00-04) included provisions requiring preparation of a Theater and Arts District (TAD) Plan for the South Coast Plaza Town Center Area. This area is bounded by Bristol Street, Sunflower Avenue, Avenue of the Arts, and the San Diego Freeway. The agreements also require that the TAD Plan be incorporated into the North Costa Mesa Specific Plan. Specific Plan Amendment SP-03-01 will fulfill that requirement.

Planning Commission Review: The Planning Commission held two public hearings on the TAD Plan. Minute excerpts from both of these meetings (May 27, and November 10, 2003) are attached for Council reference. As noted in the minute excerpts, there was considerable Commission debate and discussion regarding the TAD Plan and related development agreement requirements. During Planning Commission consideration of the TAD Plan; Commissioner Katrina Foley prepared an alternative proposal to the plan. A key feature of this alternative is the creation of a Costa Mesa Arts and Music Scholar grant program.

At its November 10, meeting, the Planning Commission considered both the TAD Plan and Commissioner Foley's alternative. At the conclusion of its hearing, the Commission approved two motions by unanimous votes. The first recommended adoption of SP-03-01 to incorporate the TAD Plan into the North Costa Mesa Specific Plan. The second recommended that City Council consider Commissioner Foley's proposal as an alternative amendment to the development agreements to eliminate the need for the TAD Plan.

Cultural Arts Committee Review: At the request of Council Member and Cultural Arts Committee liaison Cowan, the TAD Plan and Commissioner Foley's alternative were referred to the committee for review and recommendation. These documents were presented to the Committee at its December 11, 2003 meeting, and discussed at the January 8, 2004 meeting. At the January meeting, the Committee unanimously voted to recommend adoption of Commissioner Foley's alternative to City Council.

ANALYSIS:

Specific Plan Amendment SP-03-01: Specific Plan Amendment SP-03-01 incorporates the TAD Plan into the North Costa Mesa Specific Plan, as required by the development agreements. This will be accomplished by modifying the text of the specific plan and including the TAD Plan document as Appendix E. The specific text changes are identified in Exhibit A of the attached City Council resolution.

Theater and Arts District Plan: The three Town Center development agreements describe the TAD Plan's intent as "a process that provides consistency of theme and excellence of design for prominent aspects of the public and outdoor private spaces in Town Center. These aspects include but are not limited to landscaping, signage, pedestrian and vehicular circulation, view linkage, surface treatment of pedestrian areas, street paving, individual sculptures and other art placed temporarily or permanently for the enjoyment of the public, benches, lighting standards and banner mounting poles, street furniture, and other components. Entry and monument signs, display banners and other signs identifying the Theatre and Arts District shall conform to the regulations in the TAD Plan." A copy of the TAD Plan is bound separately, but will be included as part of Exhibit "A" of the attached City Council resolution.

The attached draft plan contains a list of goals and the following key elements:

1. **Administration:** This element describes the proposed Theater and Arts Council that will oversee administration of the plan.
2. **Public Improvements:** This element describes and illustrates proposed public improvements, which include street signs, off-property signage, street banners, removable directional signs, landscaping improvements, street furniture, kiosks, pedestrian linkages, and view linkages. This element also defines "public improvements" as those improvements in the public right-of-way as well as improvements in publicly accessible areas on private properties, such as building forecourts, plazas, and courtyards.

3. Private Improvements: This element describes the major private projects that will be developed in the district.
4. Branding and Marketing: This element describes the marketing efforts that will be used to strengthen the identity and public awareness of the district.
5. Special Events: The final element identifies procedures to continue and extend special events that already occur in the district.

The draft TAD Plan also includes sections discussing budget and funding sources and implementation. The table on page 28 includes a summary of the proposed public and private improvements, the estimate cost of the improvements, and an implementation schedule.

As noted above, the TAD Plan proposes the establishment of a new Theater and Arts Council which will oversee the administration of the plan. Membership will be composed of one council seat for each ownership entity. A designated City representative will serve as an ex-officio member. This council will meet on a quarterly basis.

Commissioner Foley Alternative: As a result of considerable Commission discussion and debate on the TAD Plan, Planning Commissioner Katrina Foley prepared an alternative approach to the TAD Plan. A copy of her proposal is attached for Council review and consideration.

This alternative was based largely on the recognition that the district has developed into a world-class mixed use development with little outside influence and oversight, and that the area is largely held by private ownership interests with limited public right-of-way available for improvement. The alternative proposal would retain the proposed public improvements, banners and street signs, and branding and marketing materials identified in the table on page 28 of the TAD Plan, and require maintenance agreements for improvements in the public right-of-way.

The centerpiece of the alternative is the creation of a Costa Mesa Arts and Music Scholar Grants program. This program would initially be funded by a minimum \$300,000 contribution to the Costa Mesa Foundation from the major district ownership interests. The funds would be used to support programs, productions, courses, field trips, and scholarships for Costa Mesa public school students ages 4 through 18. Commissioner Foley has proposed that the Cultural Arts Committee be given the responsibility for reviewing and distributing grants funds.

Since the three Town Center development agreements include specific language and requirements for the TAD Plan, Commissioner Foley's alternative to the TAD Plan would require that these agreements be amended to implement her proposal alternative. Should Council be interested in her proposal, Council should direct staff and the applicants to proceed with the necessary amendments to accomplish this objective. Appropriate amendments to the North Costa Mesa Specific plan will also be required.

ALTERNATIVES CONSIDERED:

As noted above, the Planning Commission adopted two alternative recommendations. The first is to adopt the Specific Plan Amendment and the TAD Plan as drafted in Exhibit

A of the attached City Council resolution. The second is to consider Commissioner Foley's alternative proposal.

Should Council select the first alternative to adopt the TAD Plan, no further staff, Commission or Council action is necessary. Should Council wish to pursue Commissioner Foley's alternative, staff and the applicants would need to draft amendments to the North Costa Mesa Specific Plan and the three Town Center development agreements to delete references to the TAD Plan, and other related modifications. These amendments would require subsequent hearings before both Planning Commission and City Council.

FISCAL REVIEW

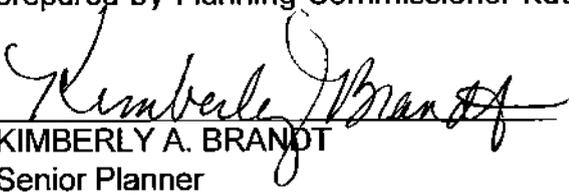
Adoption of the TAD Plan would not have any direct fiscal impacts because the costs of the improvements, plan administration, and marketing would be borne by the applicants. While the same will hold true for Commissioner Foley's alternative, incremental staff costs might be expected to administer and support the Costa Mesa Arts and Music Scholar Grant program.

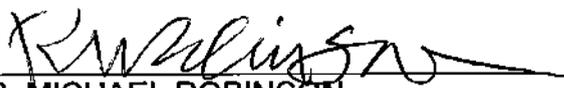
LEGAL REVIEW:

The attached resolution and TAD Plan have been reviewed and approved by the City Attorney's Office

CONCLUSION:

The Planning Commission has forwarded two recommendations to City Council regarding the Theater and Arts District Plan for the South Coast Plaza Town Center. One recommendation is to adopt the TAD Plan as required by the three Town Center development agreements. The second would be to consider an alternative approach prepared by Planning Commissioner Katrina Foley.


KIMBERLY A. BRANDT
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R. MICHAEL ROBINSON
Planning & Redevelopment Manager


DONALD D. LAMM
Dep. City Mgr.–Dev. Services Director

DISTRIBUTION: City Manager
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Kerry A. Madden
Orange County Performing Arts Center
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Costa Mesa CA 92626

David Emmes
South Coast Repertory Theater
655 Town Center Drive
Costa Mesa CA 92626

David Wilson
South Coast Plaza
3315 Fairview Road
Costa Mesa CA 92626

John Krappman
CommonWealth Partners
633 West Fifth Street
Los Angeles CA 91071

Planning Commission

- ATTACHMENTS:
- 1 City Council Resolution
 - 2 Planning Commission Minutes Excerpt
 - 3 Planning Commissioner Foley Alternative
 - 4 Theater and Arts District Plan

File Name: 020204SP0301

Date: 1/21/04

Time: 5 PM

ATTACHMENT 1

City Council Resolution

RESOLUTION NO. 04-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ADOPTING SPECIFIC PLAN AMENDMENT SP-03-01 TO INCORPORATE THE THEATER AND ARTS DISTRICT PLAN AS APPENDIX E OF THE NORTH COSTA MESA SPECIFIC PLAN.

THE CITY COUNCIL OF THE CITY OF COSTA MESA DOES HEREBY RESOLVE AS FOLLOWS:

WHEREAS, the City Council of the City of Costa Mesa adopted the 2000 General Plan on January 22, 2002 and the North Costa Mesa Specific Plan by Resolution No. 94-67 in July 1994; and

WHEREAS, the North Costa Mesa Specific Plan provides additional planning guidelines and standards for several large development areas located in north Costa Mesa; and

WHEREAS, Development Agreements DA-00-02, DA-00-03, and DA-00-04 require preparation of a Theater and Arts District Plan to establish standards for design of public and private improvements in the South Coast Plaza Town Center; and

WHEREAS, Development Agreements DA-00-02, DA-00-03, and DA-00-04, and the North Costa Mesa Specific Plan require the incorporation of the Theater and Arts District Plan into the North Costa Mesa Specific Plan; and

WHEREAS, Specific Plan Amendment SP-03-01 amends the North Costa Mesa Specific Plan text relative to the Theater and Arts District Plan, and incorporates the Theater and Arts District Plan as Appendix E; and

WHEREAS, public hearings were held by the Planning Commission on May 27, and November 11, 2003, and by the City Council on February 2, 2004, in accordance with Section 65355 of the Government Code of the State of California, with all persons having been given the opportunity to be heard both for and against said Amendment SP-03-01 to the North Costa Mesa Specific Plan; and

WHEREAS, this Council deems it to be in the best interest of the City that said Amendment to the North Costa Mesa Specific Plan be adopted.

NOW THEREFORE BE IT RESOLVED by the Costa Mesa City Council that the North Costa Mesa Specific Plan is hereby amended by adoption of Specific Plan Amendment SP-03-01 as set forth in Exhibit A, which is attached to this resolution.

BE IT FURTHER RESOLVED that the proposed amendment has been reviewed for compliance with the California Environmental Quality Act (CEQA), the CEQA Guidelines, and the City's environmental procedures, and has been found to be exempt.

PASSED AND ADOPTED this _____ day of _____, 2004.

ATTEST:

Deputy City Clerk of the
City of Costa Mesa

MAYOR

APPROVED AS TO FORM:

City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF COSTA MESA)

I, Julie Folcik, Deputy City Clerk and ex-officio Clerk of the City Council of the City of Costa Mesa, hereby certifies that the above and foregoing Resolution No. ___ was duly and regularly passed and adopted by said City Council at a regular meeting thereof held on the ___ day of _____, 2004.

IN WITNESS WHEREOF, I have hereby set my hand and affixed the Seal of the City of Costa Mesa this ___ day of _____, 2004.

Deputy City Clerk and ex-officio Clerk of the City Council of the City of Costa Mesa

EXHIBIT A

North Costa Mesa Specific Plan Amendment SP-03-01

Amendment 1:

Amend text on Page 41-4 to read as indicated in the following attachment.

Amendment 2:

Incorporate the Theater and Arts District Plan as Appendix E, as indicated in the following attachment.

Circulation

The street network for this subarea is in place. However, the Master Plan of Bikeways indicates a new bikeway on Avenue of the Arts and Sakioka Drive. The widening of the Bristol Street interchange with the I-405 is completed. ~~Figure 9 indicates one urban rail alignment to the east of the project site.~~

Parks and Recreation

As stated in Section 2, Development Setting, the 3-acre open space/greenbelt easement boundaries were reconfigured and slightly expanded in 2001. In addition, it was secured as part of GP-00-02, as a permanent private open space area. Also, in conjunction with the approval of GP-00-02, the property owner is to preserve and maintain the California Scenario sculpture garden substantially in accordance with its existing configurations and function, commencing immediately and continuing for the useful life of the existing office buildings adjacent to the garden.

Theater and Arts District Plan

A Theater and Arts District (TAD) Plan ~~shall be established~~ was prepared in conjunction with the development of Town Center. The TAD Plan ~~shall be incorporated into the North Costa Mesa Specific Plan, and shall include~~ development guidelines and standards for lighting, public art, street furniture, signage, landscaping, pedestrian and vehicle circulation, pedestrian and vehicular streetscapes, as well as an implementation plan. Entry and monument signs, display banners, and other signs identifying the Theater and Arts District ~~shall prominently include the name of the City. The TAD plan shall be submitted to the City for review and approval within 18 months of the approval of the SCPTC preliminary master plan.~~ The plan will also address hours of operation, public access, and parking fee restrictions for SCPTC parking structures for patrons of the cultural arts facilities, and alternative financing mechanisms for public street amenities. The TAD Plan is included as Appendix E.

Parking

Although the project area is comprised of multiple ownerships, the parking demand analysis for SCPTC has always considered the project as a single project. Specifically, parking need not be located on the same parcel as the building for which it is required; all parking facilities are to be available to employees and visitors of all South Coast Plaza Town Center uses. Consistent with the historical analysis of parking demand for this project, any future parking studies need to continue to examine the South Coast Plaza Town Center as a single project.

Persons who are residents of the City of Costa Mesa attending a cultural arts venue during evenings (after 6 p.m.) or on weekends shall be provided a discount of fifty percent (50%) off the price for parking otherwise applicable to the general public.

ATTACHMENT 2

Planning Commission Meeting Minute Excerpts

May 27, 2003
&
November 10, 2003

PUBLIC HEARINGS:

PLANNING APPLICATION
PA-03-10

Saldana/Poindexter

~~The Chair opened the public hearing for consideration of Planning Application PA-03-10, for James Poindexter, authorized agent for All Industry Investment/Theresa Saldana, for a conditional use permit for a martial arts studio in an existing industrial building; with a minor conditional use permit to deviate from shared parking requirements based on offset hours of operation, located at 775 W. 17th Street, Suite M, in an MG zone. Environmental determination: exempt.~~

~~Associate Planner Jessica Wilkinson reviewed the information in the staff report and gave a visual presentation of the subject space and site characteristics. She noted withdrawal of the parking deviation because it was determined that there is adequate parking. Staff recommended approval by adoption of Planning Commission resolution, subject to conditions.~~

~~James Poindexter, authorized agent for the applicant, 4630 Campus Drive, Newport Beach, agreed to the conditions of approval. In response to a question from Vice Chair Perkins, Mr. Poindexter stated that there would be a maximum of 20 students per class. Ms. Wilkinson stated that the proposal was also reviewed by the Building Division and the space was found to be adequate for that number of students.~~

~~No one else wished to speak and the Chair closed the public hearing.~~

MOTION:
PA-03-10
Approved

~~A motion was made by Vice Chair Perkins, seconded by Commissioner Foley and carried 5-0, to approve by adoption of Planning Commission Resolution PC-03-36, based on information and analysis contained in the Planning Division staff report, and findings contained in exhibit "A", subject to conditions in exhibit "B."~~

~~The Chair explained the appeal process.~~

~~The Chair opened the public hearing for consideration of the following 2 items:~~

TOWN CENTER DRIVE
MASTER PLAN

C.J. Segerstrom and Orange
County Performing Arts Center

~~(1) Future improvement of Town Center Drive between Park Center Drive and Avenue of the Arts. Environmental determination: Final EIR #1047.~~

SPECIFIC PLAN AMENDMENT
SP-03-01

C.J. Segerstrom, Commonwealth
Partners, and Orange County Per-
forming Arts Center

~~(2) Incorporation of the Theatre and Arts District (TAD) Plan into the North Costa Mesa Specific Plan. Environmental determination: exempt.~~

Planning and Redevelopment Manager R. Michael Robinson the information in the Town Center Drive Master Plan report. Mr. Robinson described the areas included in the plans and the detailed improvements in terms of the pedestrian plaza area, public access to the parking structure, and vehicle drop-off areas. He said this master plan is also an integral part of the Theater and Arts District plan (SP-03-01), because the site plan graphics and the plan itself include these master plan improvements. The entire Theatre and Arts District plan (TAD) will apply to all South Coast Plaza Town Center, bounded by Sunflower Avenue, the San Diego Freeway, Bristol Street and Avenue of the Arts. TAD is required by other planning documents (The North Costa Mesa Specific Plan, as well as the 3 development agreements that were approved for the major landowner interests in the Town Center Area). He detailed key elements of the TAD plan as he reviewed the staff report.

Mr. Robinson explained that there are significant differences of opinion between the applicant, staff, and the Commission regarding the content and the intent of the TAD plan, and for that reason he said staff is recommending a continuance of these two items for a minimum of one month.

There was discussion between Commissioner Perkins, Mr. Robinson and the Chair regarding the date for a continuance. The Chair felt a continuance to the Planning Commission meeting of July 14, 2003 would provide the time needed..

Commissioner Foley requested clarification at the next meeting on the impact of the distinction between paragraph C (funding/Community Facilities District absent in the Town Center Development Agreement), exhibit G and exhibit F regarding the TAD plan relating to the two different development agreements.

David Wilson with C.J. Segerstrom & Sons, 3315 Fairview Road, Costa Mesa, stated that the Town Center Drive Master Plan questions from the Commission at the last Planning Commission study session would be addressed by Paul Wilkinson, Traffic Engineer of Linscott, Law & Greenspan, 1580 Corporate Drive, Costa Mesa, who participated in the design process that led to the formation of the conceptual master plan.

In response to a question from Commissioner Foley regarding diagrams contained in the Town Center Drive Master Plan, Mr. Wilkinson explained that this was one of a series of drawings which were evolutionary in nature; he said the final plan accommodates all types of traffic expect to travel through the master plan area and those issues have been addressed.

Paul Freeman, representing South Coast Plaza Partners ownership within Town Center, 3315 Fairview Road, Costa Mesa, said they support a continuance of the item and believe the July date allows enough time to hopefully resolve the outstanding issues. If not, he was sure they would minimize the differences by that time. He explained what he felt the differences were and the dynamics that have made this a challenging exercise. He said they were looking forward to resolving the issues and to eliminate most of them, if not all, to find closure.

John Krappman with CommonWealth Partners, 633 West Fifth Street, Los Angeles, also expressed their desire to resolve the differences.

The Chair the parties review the public record and view the tapes and/or the minutes of the meetings to see what everyone's expectations were at the time these things were discussed, in order to resolve the issues. With regard to the issue of funding and the lack of specificity versus cost estimates, the monies that are mentioned in the development agreements for both parties only come into play in the event that the funding mechanism discussed in the agreements, fails to pass. One interpretation of the request for "cost estimates" was to establish the scope of a funding mechanism. He asked about the City's expectations concerning how much money raised through this process is going to go to public improvements. He felt this could be a way to engage in that discussion to assist in resolving the apparent dichotomy between lack of specificity and cost estimates.

Mr. Freeman said it was fair to say that the development agreement negotiation was a lengthy process and at times, torturous for all parties. He felt in their anxiousness for closure, they perhaps overlooked faithfully memorializing worthy agreements and understandings. He said the Chair made an observation about the language of the cap and

the way its constructed; and it is true, it only comes into play if there's a failure to establish a funding mechanism. He said the language does not read as cleanly as it could and they share the credit for that, but he hoped to be faithful to the original intention; they will review the tapes. The funding mechanism has been the focus of some of their meetings with the City Attorney and their view is that, for example, they could choose to pay up front cash for capital improvements; establish some mechanism for maintaining those improvements without establishing an assessment district per se, or community facilities district. He said the parties involved could decide to just pay up front. Some of the language in the development agreements could be brought into the TAD plan and in other places, they could look for creative ways to reconcile things that appear to be at cross-purposes.

Vice Chair Perkins said he is concerned that the TAD plan does not appear to have any checks and balances. He felt it was possible for the 2.2 million dollars to be applied to 2 categories and some private improvements, and then it's gone. Mr. Freeman suggested a solution would be a list of what it cannot be used for and he gave some examples. He said the applicant hopes to establish a platform for dealing with these issues in a way that won't be contentious.

The Chair said there has been some disagreement about the potential uses for this money. He felt it might be fruitful to define "public improvements", that did not limit them to being located in the public right-of-way.

There was further discussion on the subject between Vice Chair Perkins and Mr. Freeman.

Commissioner Foley said the areas she is concerned about are the pedestrian circulation elements and, specifically, south of Anton Boulevard. She also said one of the benefits she sees with a list of things that cannot be done with the money, is that there is not the concern of having a list of things that may or may not get done because they aren't necessary and gave an example based on her personal view. She said she's not clear on what important public improvements is missing from the plan that leads to a concern about sufficiency of funding. If there is one, it should be brought forward now and if not, she was confident that district will be improved continue to be vital and a major benefit to the City. Commissioner Foley felt the idea of a Theater and Arts Council is great for the area, but it does not need to be complicated by making it a City committee.

Commissioner Faris suggested, relative to Commissioner Perkins' concerns, perhaps percentage caps on each item might merit consideration, i.e., 20% to special events, or 20% to branding and marketing, etc.

The Chair said this general discussion put a lot of ideas on the table and added that he has no fear that the TAD plan will be anything less than a great improvement on what is already a world-class facility. As Planning Commissioners, he explained that they were following up on agreements that were made and differences of opinion that have occurred on how to interpret them.

No one else wished speak and the Chair closed the public hearing.

A motion was made by Chair Garlich, seconded by Commissioner Foley and carried 5-0 to continue these two items to the Planning Commission meeting of July 14, 2003.

MOTION:
Town Center Drive Improvements
and Specific Plan Amendment
SP-03-01

Continued

~~regard to the replacement ordinance was to continue that also just to the next meeting so Commission could come back and deal with all of those issues which then may result in further continuance and a town hall meeting.~~

In response to a question from Vice Chair Perkins regarding a later date such as December 8th to allow staff more time. Ms. Brandt said that was possible, but at this point, combining both ordinances and continuing for 2 weeks would not disagreeable to staff. The Chair agreed, and stated that is the motion still on the floor.

SUBSTITUTE MOTION 2:
MOTION:
Mobile Home Park
Draft Ordinances
Failed for lack of a second.

A motion was made by Vice Chair Perkins to bring the replacement ordinance back on November 24, 2003. The motion failed for lack of a second.

The Chair called for the first motion on the floor to continue both ordinances to November 24th, and it carried 4-1 (Perkins voted no). See above.

~~BREAK.~~

~~The Chair called a recess and the meeting resumed at 8:25 p.m.~~

SPECIFIC PLAN AMENDMENT
SP-03-01

C.J. Segerstom, Commonwealth Partners, and Orange County Performing Arts Center

The Chair opened the public hearing for consideration of Specific Plan Amendment SP-03-01 to incorporate the Theater and Arts District Plan into the North Costa Mesa Specific Plan. Environmental determination: exempt.

Planning and Redevelopment Manager, R. Michael Robinson, reviewed the information in the staff report and gave a brief presentation of the plan characteristics. He recommended that the Planning Commission recommend to City Council, adoption of Specific Plan Amendment SP-03-01 to incorporate the Theater and Arts District Plan.

In response to a question from Commissioner Foley, Mr. Robinson confirmed that the Costa Mesa Parks and Recreation Commission may make an exception the current landscape guidelines when a superior landscaping alternative is presented for review.

David Wilson, on behalf of South Coast Plaza; John Krappman of Commonwealth Partners who had to leave; and Kerry Madden of the Orange County Performing Arts Center, stated they were happy with where they are on this document. He thanked the Commission for their patience and staff's participation. Mr. Wilson said there are two remaining concerns about the language in the document: one has do with setting a prevailing market rate parking in the town center. He asked the Commission to consider removing this from the supplementary errata sheet.

He said the second item deals with the provision for the reallocation of costs from one table to another on page 28. He said staff suggested that discretion to reallocate costs on some circumstances be given to the City and that the City would have the "unilateral" right to reallocate funds. He said they felt this was not appropriate and they would prefer, to use, "such reallocation of costs or expenditures would be a matter of agreement between the City and the property owners." He said they are supportive of the other modification that staff proposes in the errata sheet and look forward to the final version for consideration to the appropriate body.

In response to Chairman Garlich regarding the parking rate, Mr. Robinson said that this language follows the language of the Two Town Center development agreement, but as Mr. Wilson indicated, the language in the Segerstrom Town Center and Segerstrom Center for the

Arts Agreement is slightly different. Sr. Deputy City Attorney, Marianne Milligan explained that all of the agreements do require that this language shall be set forth in the TAD Plan. It specifically requires that this be included although the Segerstrom Development Agreement, simply says "parking fees at such new facilities shall not exceed the market rate for the area." The other agreements do contain the same language as seen on the errata sheet. The interpretation is that the intent of all the agreements on this subject, was to ensure that parking charges for events not exceed other venues or market rate, which the City interprets as being other venues for the Orange County area.

In response to a question from Chairman Garlich regarding the discussion on "unilateral" language of the agreement, Ms. Milligan recommended changing the language on page 6, heading 10, paragraph 2, to read "If financial resources...The City reserves the right to unilaterally reallocate these funds currently designated for either improvements in the public right-of-way or private improvements of public benefit in the table on page 28 until such time as the owners have secured financing for said improvements." She said the City Attorney's Office is of the opinion that the requirement to have these mutually improved would be an unnecessary step. This is the City's TAD Plan and the City's money for public improvements that were obtained through negotiations of the development agreement, it is felt that it does not need mutual agreement and that the City should be able to make these decisions on their own. Commissioner Foley asked if the City was expecting that the money be paid up front. Ms. Milligan said no they are not. Commissioner Foley asked what is the trigger for payment of the funding. Ms. Milligan stated it is set forth on the table on page 28. Commissioner Foley asked if the City was expecting to construct the improvements or is the developer. Ms. Milligan stated that the developer would be installing those improvements; technically, the developer could come to the City and suggest changes or reallocations, but there would be no mutual agreement and the City could simple say "yes" or "no."

Commissioner Foley thanked Mr. Wilson for all his work on this plan. She said one of the issues she continues to struggle with is whether or not its necessary. (1) to achieve the goal of creating a vision and sense of place and identity for the Theater and Arts District, and (2), whether its provides the adequate community benefit. She felt this is one of the reasons why the City Attorneys Office feels the need to have this "unilateral" ability to move the funds that are currently projected to apply to private improvements for public benefit to "some future possible public improvement."

In response to a question from Commissioner Foley regarding the necessity of the TAD Plan, Mr. Wilson said he felt the Theater and Arts District Plan in its current draft is a workable document, but he felt to a certain extent, that he shared her concerns in that it may not be completely necessary. He said the argument could be made that much of what the Theater and Arts District proposes or seeks to guarantee, is something that would almost certainly happen in the normal course of events anyway.

Mr. Wilson noted that Commissioner Foley and he had discussed this previously and said he understands that she has an alternative to the TAD Plan that she would like to propose for consideration by her colleagues. He said they reviewed her plan and it seems that there is merit to a lot of what she is trying to do. He noted it preserves the core improvements that exist in the current draft of the TAD Plan, but perhaps, suggests a simpler way to implement them.

Allan Remington, 1164 Boise Way, Costa Mesa, said he is an orchestra conductor at Orange Coast College, and would like to see music brought back to the schools in the form of grants.

Jim Karens, said he supported donating money to the arts in schools and that the public needs to be educated on the importance of the arts because it is not just for the people attending the theaters.

Students from Sonora Elementary School: Megan Settles, 1112 Corona Lane; Molly Settles, 1112 Corona Lane; Michael Martinez, 966 Sonora Road, said they were all in art programs and thanked the Segerstroms for their generosity. Teacher, Lamartine Simons, 1112 Corona Lane, Costa Mesa, said it falls to the PTA to raise small amounts of money to fund the small programs they have for the kids. The fund-raisers are a lot of work, however, it would be nice to be able to do more things for the kids. Since the City of Costa Mesa is known as the City of the Arts, it would lend credence to be represented in our schools as well. Christine Anderson, Principal at Sonora School, 966 Sonora Elementary School stated that arts are so important in our school and we have lost a lot of the arts because of funding cuts. She felt this was a wonderful idea and thanked the developers for being willing to look at this plan.

Beth Refakas, 320 Magnolia Street, Costa Mesa, read a statement from resident Charlotte Alexander who could not be at this meeting basically stating it was appropriate to enhance the school programs with a strong addition to the arts programs. Ms. Refakas added that this was an excellent idea to provide opportunities for school children to be exposed to the arts. It also provides a balance in the activities at school with many children involved in sports activities.

Commissioner Faris asked how people at Sonora School knew about this when the Commissioners did not. Commissioner Foley said it was because she told them and asked that they come tonight. She explained that her plan was not specifically for Sonora School, but that they are her circle of friends that she sees everyday.

Brian Biaz, 2958 Milbro Street, Costa Mesa, representing Costa Mesa High School, said that Commissioner Foley was nice enough to tell him there was the opportunity to obtain money for public schools, which are in dire straits. He said the opportunity that there is money out there is a good start and he was in hopes that the Planning Commission could see a portion of any available monies would get fed into those programs.

In response to a question from the Chairman Garlich regarding how this concept would work and how monies would be moved around in schools, Commissioner Foley explained that it is something that needs to be worked out; there is the option of having the Costa Mesa Community Foundation receive the funds, and then distribute it with some kind of a grant application process. She felt there were a lot of ideas, but at this time, it's simply the concept of reallocating the money that would be going to the private improvements, to grant funding for this type of programming. That is something that would need to be organized by the developers and staff.

Commissioner Foley further responded to Commissioner Faris, that tonight is the PTA meeting at Sonora and word travels fast from the PTA meeting to this meeting. She said she had been working with some of the PTA members as soon as her son started school, and she started learning about how we were losing these kind of programs and it just coincided with the fact that Commission is also looking at the TAD Plan and she had on a parallel track trying to work out a way to obtain funding opportunities for our public school programs,

for drama, arts, theater, and music to bring them back into the schools. In struggling with what she didn't like about the TAD Plan, this seemed like a wonderful opportunity to reallocate those monies towards something that would benefit the community as a whole, and that's what the development agreement process is intended to do—to provide a great community benefit.

Commissioner Faris clarified he had received a phone call on Friday and that his wife took a message. He was unable to talk with Mr. Wilson and he believed this was the issue he wanted to talk about. So in reality, he found out about this plan just a few hours ago and he was concerned that the kids at Sonora School knew about it before he did. He did, however, believe that it was a fantastic idea. He is a schoolteacher at Garden Grove Unified, and they have decent funding with good music and art programs. He said there have been recent studies suggesting that the arts are directly correlated toward higher achievement in schools. Commissioner Faris was concerned with the small amount because with over 30 schools, that comes to about \$500/year per school. Commissioner Foley stated that in terms of the contribution amount and whether it's a lump sum, or payment over time, are details that are part of the plan that need to be worked out. Chair Garlich stated there is always the opportunity some day in the future, when money starts earning interest again, that there may be a way to sustain the money a little more than can be anticipated today.

Commissioner Foley said she would have loved to talk to all of the Commissioners about this idea but the Brown Act prevents us from actually dialoguing very much, and unfortunately, she had to try to work out the idea before, and get support before it could be presented. She said she spent a lot of time this weekend preparing the memo.

The Chair said he was going to entertain a motion for both the TAD Plan as presented and a second motion for an alternative.

No one else wished to speak and the Chair closed the public hearing.

MOTION 1:
SP-03-01 And
Incorporation of TAD Plan
Recommended adoption

A motion was made by Chairman Garlich, seconded by Vice Chair Perkins and carried 5-0 to recommend to City Council, adoption of the Specific Plan Amendment SP-03-01 and incorporation of the Theater and Arts District (TAD) Plan, based on information an analysis contained in the Planning Division staff report, subject to revisions in supplemental information memorandum dated November 10, 2003, including the change made by Sr. Deputy City Attorney Marianne Milligan to heading # 10, paragraph 2, page 6, as shown above.

During discussion on the motion, Commissioner Foley asked the Chair if he would be willing to revise his motion to remove the errata sheet data, paragraph 3, language regarding the prevailing parking charges. The Chair said while he is sympathetic to that argument, Ms. Milligan has convinced him that the development agreements call for it and he felt the applicants and City Council could work it out. Commissioner Foley said she assumed that's the reason he did not change the "unilateral" language. Chairman Garlich confirmed her assumption.

MOTION 2:
Alternative Amendment
Recommended consideration

A motion was made by Commissioner Foley, seconded by Commissioner Faris, and carried 5-0 to recommend to City Council, consideration be given to an alternative amendment to the development agreements to eliminate the need for a TAD Plan by instead securing specific funding for, and/or construction of specified public improvements, allocate funding for Costa Mesa student arts and music scholar grants, and amendment of the North Costa Mesa Specific

Plan to include design goals and objectives for the Theater and Arts District, as indicated in the memo from Katrina Foley dated November 10, 2003.

During discussion on the motion, Chairman Garlich said he would support the motion because he believes it has a lot of merit, he felt some, or all of it can be adopted by the Council.

Vice Chair Perkins said Commissioner Foley should be praised on her hard work for this concept. He stated however, he did not want Council to go too much further than the recommended amount, or further than Commission is asking. Commissioner Foley pointed out that one possibility of increasing the amount, if that's what Council chooses to do, is to discuss with Commonwealth whether or not they would be willing to allocate some of their private improvement funding toward that amount. Vice Chair Perkins said he agrees but is concerned about a situation where \$2.2 million is increased to 6 million. Commissioner Foley said she was not recommending the amount be changed, but rather the funding already committed, from another source.

Commissioner Faris said he wanted to make it understood that the Segerstroms already give to the schools.

The Chair said he wanted to respond to Mr. Remington's comments which he felt were excellent. He said his wife is vice president of Youth Concerts Tree for the Philharmonic Society of Orange County, who run about 5,000 kids in groups of 2,500 through 2nd grade and 5th concerts, most of which are at the Orange County Performing Arts Center and other venues around the county. They also have programs called "Meet the Musicians" where the musicians come into schools and the kids get to see live musicians and talk with them about their careers and education and music; and a program called the "Music Mobile" which drives around to schools and exposes kids to the instruments in their youth experience.

Commissioner Foley thanked the Commissioners for supporting this concept and she thanked the developer, and the community for coming to the meeting. She personally named the children who attended.

Mr. Valentine stated that this item would go forward to the City Council Agenda of December 15, 2003.

TOWN CENTER DRIVE
MASTER PLAN

C.J. Segerstrom and Orange
County Performing Arts Center

The Chair opened the public hearing for consideration of the Town Center Drive Master Plan for future improvement of Town Center Drive between Park Center Drive and Avenue of the Arts. Environmental determination: Final EIR #1047.

Planning and Redevelopment Manager, R. Michael Robinson, reviewed the information in the staff report and gave a brief presentation of the plan characteristics. He recommended that the Planning Commission recommend to City Council, adoption of the Town Center Drive Master Plan.

Kerry Madden representing South Coast Plaza and the Orange County Performing Arts Center, said he was not at the meeting to add to the presentation but to thank the Commission for their consideration of what they believe to be a very important united arts campus concept, and additionally, to thank the City staff for their input and good work into the creation of the concept. He agreed to the conditions of approval.

In response to a question from the Chair regarding the time element in pursuing this plan, Mr. Madden explained that they are still in the process of raising funds for the Renee and Henry Segerstrom Concert

ATTACHMENT 3

Planning Commissioner Foley
Alternative – Memo dated 11/10/03

City of Costa Mesa

Interoffice Memorandum

To: Planning Commission

From: Katrina Foley

Date: November 10, 2003

Subject: **TAD PLAN ALTERNATIVE
PLANNING COMMISSION MEETING OF NOVEMBER 10, 2003**

RECOMMENDATION:

Recommend to City Council a preferred alternative amendment to the Development Agreements to eliminate the need for a TAD plan by instead securing specific funding for and/or construction of specified public improvements, allocate funding for a Costa Mesa student arts & music scholars grant, and adoption of North Costa Mesa Specific Plan Amendment of development design goals and objectives for the Theatre & Arts District.

ANALYSIS:

The main goal of the TAD plan as envisioned in the Development Agreements was to create a sense of place and identity within the Theatre & Arts District and to provide a funding mechanism for public improvements. That sense of place really already exists and is present in the architecturally and culturally rich attractions developed by the private property owners during the past 40 years. As indicated in the proposed plan, "the great majority of improvements to the Costa Mesa Theatre & Arts District area were accomplished through the vision and foresight of the area's historic and current owners with little outside influence or oversight," (TAD Plan at p.1.) Given the future developments pending and approved, there is no reason to suspect a change of direction to a different vision; nor is there a need for additional oversight.

The only outstanding issues relate to funding of public improvements and identity of the area as a world class Theatre & Arts District.

The Development Agreements require that the three (3) property owners create a TAD Plan and fund improvements within the area by creating either a community facilities or other public financing district or by direct funding by the owners in the

amount \$2,200,000 (\$1,000,000 from South Coast Plaza & \$1,200,000 from Common Wealth Partners). The majority of the land in the area is private property with very little public right of way to improve. Thus, given the limited type and cost of public improvements identified by the property owners (approx. \$650,000), the owners have opted to fund the public improvements instead of creating a financing district and have requested that most of the balance of the \$2.2 million fund improvements of public areas which are on private property as well as marketing and branding for the area. (TAD Plan list of anticipated public improvements, p. 28 as revised.)

A more simplistic approach can achieve the goals of the proposed TAD plan without the necessity of the additional layer of bureaucracy and ongoing administration that the proposed plan creates without any real tangible added value to the City and the property owners. Further, given the limited amount of funding necessary for public improvements (only about \$650,000 of the \$2.2 million committed), the City is better served by using some portion of the remaining funds in the form of a grant committed to benefit the children of Costa Mesa—City of the Arts by fostering and enhancing education of the arts and music within the public schools.

Proposed Alternative: Amendment to Development Agreements & N. CM Specific Plan

Amend the Development Agreements to remove the requirement of creating the TAD plan and complicated funding mechanisms. Incorporate the design goals into the Specific Plan, as appropriate.

1. Fund or Construct Public Improvements as Identified

Each owner shall simply be responsible for funding or constructing those improvements in the public right of way, including pedestrian enhancements, adjacent to their property according to the cost estimates and implementation schedule identified on revised p. 28 of the proposed plan. The payments may be made in the form of a lump sum payment (similar to Home Ranch DA) or the property owner may pay for construction costs directly. A decrease in the amount necessary to fund the construction improvements may by bilateral agreement be reallocated to the either the private improvements for public benefit or toward increasing the amount of the arts & music scholars grant discussed below.

2. Fund, Design & Plan Signage & Marketing

As to banners & street signage, each owner will agree to split the estimated cost of \$150,000 as proposed on revised p. 28.

As to the branding/marketing materials, the property owners will agree to split the cost of design, display, installation, and initial distribution to community organizations, public entities, and businesses in the area, etc.

The property owners shall jointly agree on the logo and design for the bus shelters, street signage, and banners and submit the plans in conjunction with design plans for the first major hotel or office tower construction project. Installation shall occur according to the proposed implementation schedule (p.28). Each property owner shall contribute \$250,000 toward marketing and branding activities during the life of the development agreements. Thereafter, any additional resources necessary for branding and marketing shall be the responsibility of the individual property owners and other entities within the area.

3. Execute Maintenance Agreements

To ensure long-term maintenance of improvements in the public right of way, property owners shall execute maintenance agreements as previously agreed and discussed in staff report at p. 6.

4. Fund Costa Mesa Arts & Music Scholar Grants

Finally, a minimum of \$300,000 shall be committed to the creation of an arts & music scholar program to provide funding for programs, productions, courses, field trips, and scholarships for Costa Mesa public school students ages 4 through 18.

5. Amend the North Costa Mesa Specific Plan & Council Policy Regarding Master Sign & Banner Program

Amend the Area 4-South Coast Plaza Town Center section of the North Costa Mesa Specific Plan. Many of the design and development goals in the TAD plan already exist in the "Land use Compatibility/Integration" section of the Specific Plan. Instead of incorporating the TAD Plan into the specific plan, simply amend the language in the "Land Use Compatibility/Integration" section to include those goals set forth on page 6 of the proposed TAD plan, as appropriate. Delete reference to the TAD Plan in the specific plan.

As a way of streamlining the process, the Council may also want to consider amending current Council policy to accommodate a special Theatre & Arts District Signage & Banners plan that tracks the proposal outlined in the TAD plan at pages 8-10.

CONCLUSION

Above is a rough sketch of the concept, which would of course need refinement by the property owners and staff.

Benefits to Property Owners

The proposal benefits the property owners because it provides for certainty on issues now rather than later, and replaces burdensome administrative processes with a streamlined & efficient review process for the specific area.

Measurable Community Benefits to the City

The proposal benefits the City for those same reasons, but also because it provides the City with more measurable community benefits while still achieving all the same goals. Under the current proposal, the majority of the funding would be used for private improvements for public benefit. It is questionable whether the Development Agreement contemplated that result. Nonetheless, under the revised proposal, some amount remains for the developer to apply to private improvements as those improvements certainly will provide community benefit.

I respectfully request that the Planning Commission seriously consider supporting this alternative recommendation.

Attachments: 1 – Financial Commitments (Draft TAD Plan)
 2 – Financial Commitments (Proposed Alternative Plan)

c: Planning Staff
 Sr. Deputy City Attorney

Attachment 1

**Table of Financial Commitments & Improvements
(Draft TAD Plan)**

Improvements/Benefits	South Coast Plaza	Commonwealth
Public Improvements in Right of Way including Banners, Street Signage, & Bus Shelters	\$175,000*	\$175,000*
Marketing/Branding	20% of financial obligation after current estimated costs of improvements currently equates to \$200,000	20% of financial obligation after current estimated costs of improvements equates to \$240,000 depending on cost of pedestrian linkages
Pedestrian Access	\$80,000	\$220,000 minus increase to cost of public right of way improvements & ascertainment of cost/necessity of pedestrian linkages which may result in decreased amount to be allocated to private improvements of public benefit*
Private Improvements of Public Benefit	\$545,000 minus increase to cost of public right of way improvements*	\$565,000 depending on the ascertainment of cost/necessity of pedestrian linkages & public right of way improvements*
TOTAL	\$1,000,000	\$1,200,000

* Any decrease in the actual costs of the public improvements can be applied toward the private improvements of public benefit or arts scholar grant by bilateral agreement between the parties.

Attachment 2

**Table of Current & Proposed Financial Commitments & Improvements
(Proposed Alternative Plan)**

Improvements/Benefits	South Coast Plaza	Commonwealth
Public Improvements in Right of Way including Banners, Street Signage, & Bus Shelters	\$175,000*	\$175,000*
Marketing/Branding	\$200,000	\$240,000
Arts & Music Grant	\$300,000 lump sum or over 20 years DA (TBD)	\$300,000 lump sum or over 20 years DA (TBD)
Pedestrian Access	\$80,000	\$220,000 minus increase to cost of public right of way improvements & ascertainment of cost/necessity of pedestrian linkages which may result in decreased amount to be allocated to private improvements of public benefit*
Private Improvements of Public Benefit	\$245,000 minus increase to cost of public right of way improvements*	\$265,000 subject to increase after ascertainment of cost/necessity of pedestrian linkages & public right of way improvements*
TOTAL	\$1,000,000	\$1,200,000

* Any decrease in the actual costs of the public improvements can be applied toward the private improvements of public benefit or arts scholar grant by bilateral agreement between the parties.

ATTACHMENT 4

Theater and Arts District Plan

(Bound Separately)



CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

DEVELOPMENT SERVICES DEPARTMENT

**If you would like to read the Theater Arts District Plan, please
call the City Clerk's Office at (714) 754-5225**