



# **CITY COUNCIL AGENDA REPORT**

MEETING DATE: MARCH 15, 2004

ITEM NUMBER:

**SUBJECT: DA-03-06 ANNUAL REVIEW AND AMENDMENT OF SEGERSTROM TOWN CENTER DEVELOPMENT AGREEMENT (DA-00-02) LOCATED EAST OF BRISTOL STREET, SOUTH OF SUNFLOWER AVENUE, WEST OF AVENUE OF THE ARTS, AND NORTH OF ANTON BOULEVARD, EXCLUDING THE SEGERSTROM CENTER FOR THE ARTS**

**DATE: MARCH 10, 2004**

**FROM: PLANNING DIVISION/DEVELOPMENT SERVICES DEPARTMENT**

**PRESENTATION BY: KIMBERLY BRANDT, SENIOR PLANNER**

**FOR FURTHER INFORMATION CONTACT: KIMBERLY BRANDT, SENIOR PLANNER  
(714) 754-5604**

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## **RECOMMENDATION:**

1. Determine and find South Coast Plaza in good faith compliance with the terms and conditions of Development Agreement DA-00-02.
2. Give first reading to the draft ordinance amending the development agreement regarding the parking structure designated for discount parking.
3. Delegate to the Planning Commission future annual reviews of this development agreement.

## **BACKGROUND:**

Segerstrom Town Center is a sub area of the South Coast Plaza Town Center. See Figure 1. The 2000 General Plan designates the area as "Cultural Arts Center" and the corresponding zoning is "Town Center". In February 2001, City Council approved a general plan and North Costa Mesa Specific Plan amendments and a preliminary master plan. The City also entered into the development agreement in conjunction with the general plan amendment. Proposed new and approved development for this sub area includes:

1. One 200-room hotel at the northeast corner of Bristol Street and Town Center Drive;
2. One 21-story, 336,025 square-foot office building at the southeast corner of Bristol Street and Sunflower Avenue.
3. The demolition of the two cinemas is also included in the preliminary master plan.

Section 3.5 of the development agreement requires a periodic review of South Coast Plaza's performance of its obligations under the agreement. This is the first review of the development agreement.

On February 23, 2004, the Planning Commission recommended Council find the developer in good faith compliance with the agreement. The Planning Commission staff report is provided as Attachment 3.

**ANALYSIS:**

***Development Agreement:***

The purpose of this annual review is to determine if South Coast Plaza has made a good faith effort to comply with the provisions of the development agreement. The Planning Commission staff report provides a detail analysis in respect to South Coast Plaza's progress in realizing their obligations. In summary, the Planning Commission found South Coast Plaza in compliance with the terms of the agreement.

***Proposed Development Agreement Amendment:***

South Coast Plaza has proposed a minor modification to the agreement to correctly identify the parking structure where discount parking can be provided. Section III of Exhibit F of the development agreement (Attachment 3) identifies the parking structure at the southwest corner of Sunflower and Avenue of the Arts as the structure in which discount parking is available to Costa Mesa residents who are attending performing arts events. However, the structure where discount parking can be provided is the one located at the southwest corner of Sunflower and Park Center Drive.

The City Attorney has drafted the appropriate amendment document and ordinance, both of which are contained in Attachment 2.

***Future Annual Reviews:***

Current City policy requires both the Planning Commission and City Council to conduct the annual review on any development agreement. However, for the Automobile Club of Southern California development agreement, Council delegated the review authority to the Planning Commission at the request of the property owner for that particular agreement.

South Coast Plaza is making a similar request that Council assign the future annual reviews of DA-00-02 to the Planning Commission. They recognize that there may be circumstances in which City Council review is warranted. In these instances, either the Planning Commission could forward the annual review to Council or Council could call up the development agreement for review at their discretion.

Given the fact that City Council has the authority to call up the Planning Commission's action on the development agreement annual review, the Planning Commission supports this request.

**ALTERNATIVES CONSIDERED:**

If the City Council finds the developer is not in compliance with the agreement's terms, evidence supporting that determination would be required.

**FISCAL REVIEW:**

Fiscal review is not required for this item.

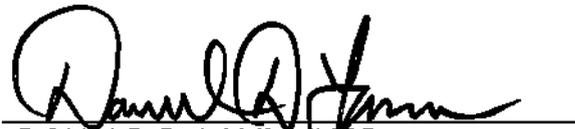
**LEGAL REVIEW:**

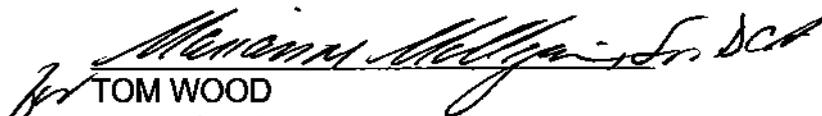
The City Attorney's office has drafted the proposed amendment documents and concurs that the developer is in compliance with the agreement's terms.

**CONCLUSION:**

The Planning Commission has reviewed the agreement's terms and conditions, the proposed amendment language and ordinance, and recommends that the City Council find the developer in compliance with DA-00-02, amend the agreement in respect to the parking structure, and delegate future annual reviews to the Planning Commission.

  
KIMBERLY BRANDT, AICP  
Senior Planner

  
DONALD D. LAMM, AICP  
Deputy City Mgr.-Dev. Svcs. Director

  
TOM WOOD  
Acting City Attorney

DISTRIBUTION: City Manager

Acting City Attorney  
City Engineer  
Staff (4)  
File (2)

Mr. Paul Freeman  
C.J. Segerstrom & Sons  
3315 Fairview Road  
Costa Mesa, CA 92626

Mr. David Wilson  
C.J. Segerstrom & Sons  
3315 Fairview Road  
Costa Mesa, CA 92626

- ATTACHMENTS:**
1. Vicinity Map
  2. Draft development agreement amendment and ordinance
  3. Planning Commission staff report and meeting minutes

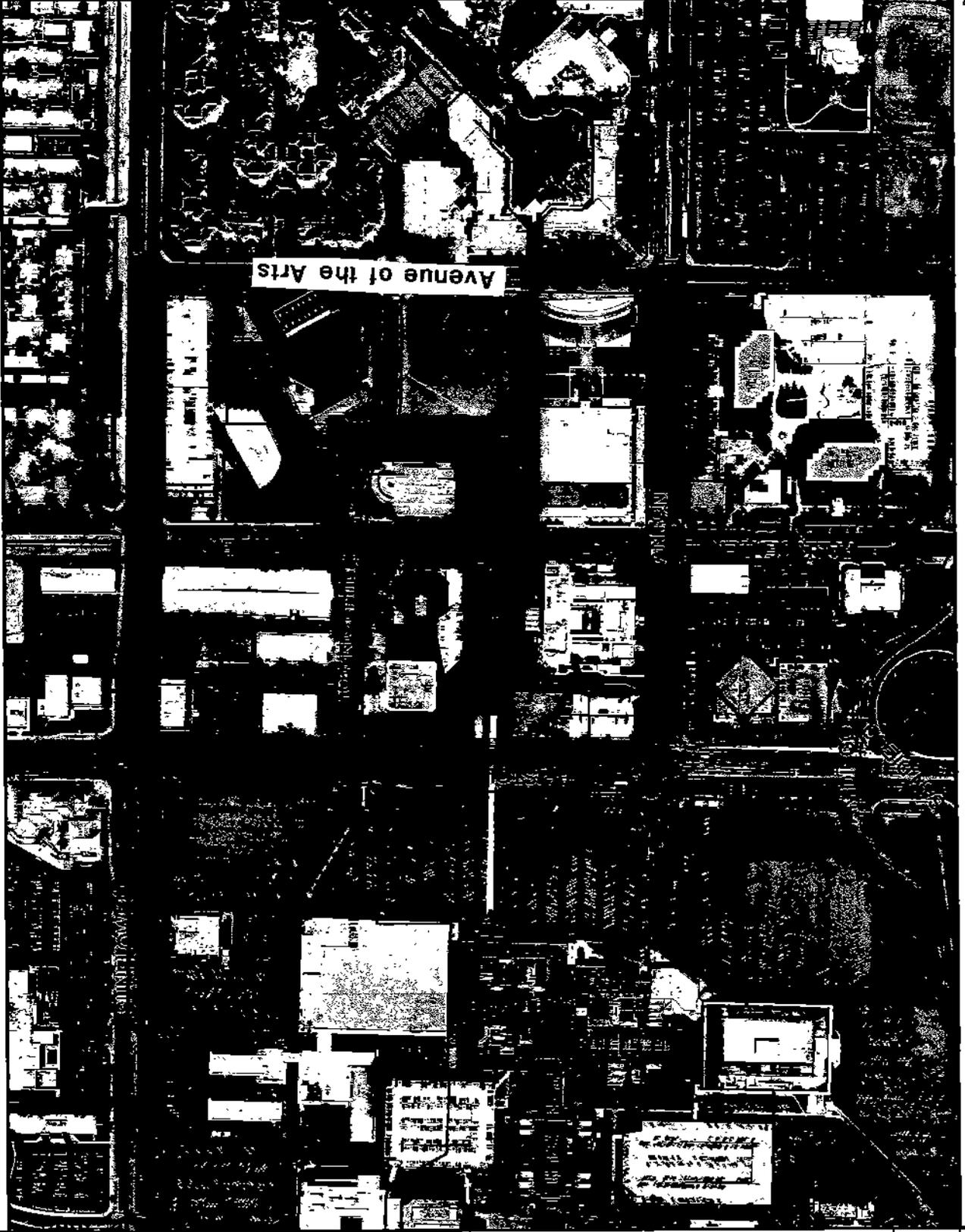
File Name 031504DA0306

Date 2/26/04

Time 11 a.m..

# DA-00-02 DEVELOPMENT AGREEMENT

## VICINITY MAP



### Legend

- Street Names
- Parcel Lines
- City Boundary
- Ortho Photography
- Parcels

# ATTACHMENT 2

**ORDINANCE NO. 04-\_\_\_\_**

**AN ORDINANCE OF THE CITY COUNCIL OF  
THE CITY OF COSTA MESA, CALIFORNIA,  
APPROVING AN AMENDMENT TO THE  
DEVELOPMENT AGREEMENT NO. DA-00-02  
FOR SEGERSTROM TOWN CENTER.**

**THE CITY COUNCIL OF THE CITY OF COSTA MESA DOES HEREBY ORDAIN  
AS FOLLOWS:**

Section 1. The City Council of the City of Costa Mesa, California, does hereby find and declare as follows:

1. On or about March 5, 2001, the City Council of the City of Costa Mesa adopted Ordinance No. 01-14 approving Development Agreement DA-00-02 for the Segerstrom Town Center Project.
2. The parties to said Development Agreement have subsequently determined that certain provisions of the Development Agreement require amendment.
3. Public hearings have been held before this City Council pursuant to the procedures described in Council Resolution No. 88-53. At these hearings, the City Council considered the evidence, the testimony presented by the public, and the Planning Commission's recommendation regarding the proposed First Amendment to Development Agreement DA-00-02 between the City of Costa Mesa and South Coast Plaza, a California general partnership ("Owner")
4. The First Amendment to the Development Agreement between the City of Costa Mesa and Owner:

- (a) Is consistent with the General Plan and the North Costa Mesa Specific Plan;
  - (b) Is compatible with the uses authorized in, and the existing land use regulations prescribed for, the zoning districts in which the real property covered by the Amendment to the Development Agreement are located; and
  - (c) Is in conformity with and will promote the public necessity, and public convenience, general welfare, and good land use practices.
5. The First Amendment to the Development Agreement will not:
- (a) Be detrimental to the public's health, safety and general welfare; nor
  - (b) Adversely affect the orderly development of the property.
6. The First Amendment to the Development Agreement will promote and encourage the development of the proposed project by providing stability and certainty to the Owner, and will provide to the City and its citizens the public benefits promised in the Development Agreement and First Amendment thereto.
7. The First Amendment to the Development Agreement 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.

Section 2. The City Council hereby approves, adopts and enters into the

First Amendment to the Development Agreement in the form attached hereto and incorporates the First Amendment herein by this reference.

Upon execution of the First Amendment by all parties, the City Clerk is directed to record the First Amendment pursuant to the City of Costa Mesa Development Agreement Procedures and Requirements.

Section 3. Publication.

This Ordinance shall take effect and be in full force and effect thirty (30) days from and after its passage and, before the expiration of fifteen (15) days after its passage, shall be published once in the NEWPORT BEACH-COSTA MESA DAILY PILOT, a newspaper of general circulation printed and published in the City of Costa Mesa, or, in the alternative, the City Clerk may cause to be published a summary of this Ordinance and a certified copy of the text of this Ordinance shall be posted in the office of the City Clerk five (5) days prior to the date of adoption of this Ordinance, and within fifteen (15) days after adoption, the City Clerk shall cause to be published the aforementioned summary and shall post in the office of the City Clerk a certified copy of this Ordinance together with the names of the members of the City Council voting for and against the same.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2004

\_\_\_\_\_  
Mayor of the City of Costa Mesa

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy City Clerk of the  
City of Costa Mesa

\_\_\_\_\_  
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 certify that the above and foregoing Ordinance No. 04-\_\_ was introduced and considered section by section at a regular meeting of said City Council held on the \_\_\_ day of \_\_\_\_\_, 2004 and thereafter passed and adopted as a whole at a regular meeting of said City Council held on the \_\_\_ day of \_\_\_\_\_, 2004, by the following roll call vote:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto 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

**FIRST AMENDMENT TO THE  
DEVELOPMENT AGREEMENT FOR  
SEGERSTROM TOWN CENTER (DA-00-02)**

This First Amendment to the Development Agreement for Segerstrom Town Center (DA-00-02), (the "Amendment") is executed this \_\_\_\_ day of March 2004 by and between The City of Costa Mesa, a Municipal Corporation of the State of California, (the "City") and South Coast Plaza, a California general partnership, referred to herein as "Owner".

RECITALS

A. City and Owner have entered into that certain Development Agreement for Segerstrom Town Center (DA-00-02), (the "Agreement") dated as of March 5, 2001, for development of the Segerstrom Town Center Project, as defined in the Agreement.

B. The parties have determined that certain changes need to be made to the Agreement to correctly identify the parking structure for which discount parking is provided to Costa Mesa residents.

NOW, THEREFORE, for good and valuable consideration, the parties hereto agree as follows:

1. Exhibit F: Section III. Parking Agreements. Subsection (i) in the seventh line from the bottom of the second full paragraph, shall be deleted in its entirety and replaced with the following new subsection (i):

"(i) the existing parking structure located at the southwest corner of Sunflower Avenue and Park Center Drive and"

2. Conflicts. Except as otherwise set forth herein to the contrary, all terms and provisions of the Agreement shall remain unamended and continue in full force and effect. This Amendment with the Agreement shall be construed together and shall constitute one agreement. In the event of any inconsistency between this Amendment and the Agreement, the provisions of this Amendment shall prevail.

3. Defined Terms. Except as otherwise set forth herein, all defined terms used herein shall bear the same meaning as set forth in the Agreement.

**[REMAINDER OF PAGE BLANK, SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF**, the parties hereto have executed this First Amendment to the Development Agreement for Segerstrom Town Center as of the date first above written.

CITY OF COSTA MESA,  
A municipal corporation

\_\_\_\_\_  
Mayor of the City of Costa Mesa

SOUTH COAST PLAZA, a California general partnership, Managing General Partner

By: Henry T. Segerstrom Management LLC, a California limited liability company,  
Manager

By: \_\_\_\_\_  
Henry T. Segerstrom, Manager

By: HTS Management Co., a California corporation  
Manager

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Deputy City Clerk and ex-officio Clerk  
of the City of Costa Mesa

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney, City of Costa Mesa

# **ATTACHMENT 3**

Excerpt from the minutes of the Planning Commission Meeting of February 23, 2004

**CONSENT CALENDAR:**

On a motion made by Chairman Garlich, seconded by Vice Chair Perkins and carried 5-0, the item on the Consent Calendar received the action below.

ANNUAL REVIEW OF DEVELOPMENT AGREEMENT DA-03-06

South Coast Plaza/Freeman

Development Agreement DA-03-06 for Paul Freeman, authorized agent for South Coast Plaza, for the annual review and amendment of the Segerstrom Town Center Development Agreement (DA-00-02), located east of Bristol Street, south of Sunflower Avenue, west of the Avenue of the Arts, and north of Anton Boulevard, excluding the Segerstrom Center for the Arts. Environmental determination: exempt.

Based on the evidence in the record, the Planning Commission recommended to City Council: (a) that it determine and find that South Coast Plaza has demonstrated good faith compliance with the terms and conditions of Development Agreement DA-00-02; (b) that first reading be given to the draft ordinance amending the development agreement regarding the parking structure designated for discount parking; and (c) that future annual reviews of this development agreement be delegated to the Planning Commission.



# **CITY OF COSTA MESA**

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

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DEVELOPMENT SERVICES DEPARTMENT

**If you are interested in reading the remaining attachments,  
Please contact the City Clerk's office at (714) 754-5225**