



PLANNING COMMISSION

AGENDA REPORT

MEETING DATE: APRIL 11, 2016

ITEM NUMBER: PH-1

SUBJECT: 2015-2035 GENERAL PLAN AND DRAFT ENVIRONMENTAL IMPACT REPORT (DEIR) - SCH# 2015111068

DATE: APRIL 7, 2016

FROM: PLANNING DIVISION/DEVELOPMENT SERVICES DEPARTMENT

PRESENTATION BY: MINOO ASHABI, PRINCIPAL PLANNER AND LAURA STETSON AICP, MIG

FOR FURTHER INFORMATION CONTACT: MINOO ASHABI, PRINCIPAL PLANNER
(714) 754-5610 minoo.ashabi@costamesaca.gov

DESCRIPTION

The proposed project involves the following:

- 2015-2035 General Plan – an update to current General Plan including all ten elements with the exception of the 2013-2021 Housing Element which was adopted in 2014. The proposed amendments are related to: Land Use, Circulation, Growth Management, Conservation Element, Open Space and Recreation, Noise, Safety, Community Design, and Historic and Cultural Resources.
- Draft Environmental Impact Report (DEIR) - This is a Program EIR prepared in accordance with CEQA Guidelines Section 15168, which allows for the preparation of a Program EIR for a series of actions that can be characterized as a single project.

RECOMMENDATION

1. Recommend that the City Council certify Draft Environmental Impact Report (DEIR) – SCH No. 2015111068
2. Recommend that the City Council adopt 2015-2035 General Plan

BACKGROUND

Public Comment Period

On March 4, 2016, the City released the draft 2015-2035 General Plan and DEIR for a 45-day public review. Both documents are available on the City's Website at the following link: <http://www.costamesaca.gov/index.aspx?page=1994>

All public input related to the DEIR will be included in a "Response to Comments" as well as all other correspondence that will be submitted to the Planning Commission and City Council. Public comments could be submitted by mail, via City's website or in person at the public hearings. The deadline to submit comments is April 18, 2016.

Planning Commission Hearings

On March 14, 2016, the Planning Commission held a public hearing on the General Plan and received public comments on the proposed draft 2015-2035 General Plan and DEIR. The meeting was continued to March 28, 2016 to allow additional consideration of the proposed General Plan.

On March 28, 2016, the Planning Commission held a second public hearing and received additional public comments. The meeting was continued to April 11, 2016 for further review. A detailed discussion of public comments is included below.

Correspondence

Staff has received three additional comment letters since the last Planning Commission hearing that are included as Attachment 1.

- Email from Mr. Donald Sherman in support of the proposed Residential Incentive overlay for the properties located at southwest corner of Harbor Boulevard and Victoria Street.

Response: The support was noted.

- Letter from Ms. Eleanor Egan stating a conflict between the Residential Incentive Overlay on Harbor Boulevard and the Noise Element referring to noise levels exceeding the allowable 65 CNEL for residential projects making the General Plan internally inconsistent.

Response: The Noise Element provides guidance for the siting of new residential and other noise-sensitive uses. Generally, sensitive uses should not be located in areas where the maximum exterior noise levels exceed 65 CNEL. Table N-3 in the Noise Element indicates that multifamily dwellings are conditionally acceptable in the 65-70 CNEL noise exposure area and normally unacceptable within the 70-75 noise exposure area (although special studies and mitigating factors/measures can be applied to individual projects). Along Harbor and Newport Boulevards, where the Residential Overlay is proposed, Figure N-3 (Future Noise Contours) indicate

that noise levels in these areas are projected to be between 60-70 CNEL. This is consistent with noise/land use compatibility criteria. The City requires site specific noise studies for projects within areas as deemed appropriate and it been determined in most locations installation of a concrete block wall mitigates the noise to acceptable levels (below 65 CNEL) for exterior use.

- Letter from Orange County Health Care Agency supporting the proposed Multi-Use General Plan land use for the Fairview Developmental Center. The HCA identified a Federally Qualified Healthcare Center to treat underserved population and supporting housing as greatest potential uses for the location.

Response: The recommendation is noted and will be available to City and state officials for potential discussion of future uses for Fairview Developmental Center.

ANALYSIS

The objectives of this report is to provide supplemental information on the General Plan and General Plan EIR based on comments from the public, Planning Commission, and interested parties received to date.

Public Comments at March 28th Hearing

The following includes a summary of the Planning Commission and public comments and staff's response:

- 1) **Fairview Park and the Land Use Designation** – Commission requested clarification on the land use designation for Fairview Park and if any revisions are proposed.

Response: The proposed 2015-2035 General Plan includes Fairview Park under Open Space Land Use as currently assigned. No change to the current land use designation is proposed. As noted on Page OSR-4, the completion of the recommendations to Fairview Park Master Plan is anticipated to be in 2016 by the Fairview Park Citizens Advisory Committee.

The City's Open Space Master Plan of Parks and Recreation (OSMP) is a document that is based on the adopted General Plan. The OSMP needs to be updated regularly to take into account population and use changes. The OSMP is currently being updated and will utilize a number of tools to determine the needs of the community, including telephone surveys, community meetings, stakeholder interviews and public meetings.

- 2) **Sports fields within School properties** - Commission questioned whether the sports fields within the school properties were considered in meeting community needs and if this was an accurate assessment since these agreements are not in perpetuity.

Response – Consistent with previous assessments, the sports fields that are under a current joint use agreement with the City were considered; if these agreements become null and void, these facilities will no longer be available.

3) **Affordable housing at Fairview Developmental Center Site** – The proposed density of 25 du/acre at the Fairview Developmental Center will not provide for affordable housing projects. A high density of 40 du/acre should be considered to allow greater opportunities for affordable housing. Based on letter dated October 6, 2015 from State Department of General Services, the State is requesting that the City allow a maximum density of 40 du/acre for Shannon’s Mountain project.

- **Response:** Based on direction from the City Council, the proposed Multi-Use Center Urban Plan allows a site-specific density up to 25 du/acre for Shannon’s Mountain and a maximum 15 du/acre for the remaining site area for housing development. The City Council was aware of the October 6, 2015 letter at the time the draft land use plan was recommended for inclusion in the Draft General Plan and direction was provided to prepare the Draft EIR based upon the recommended land use plan. The State DGS has indicated that a Request for Proposals for a potential home builder is still pending for Shannon’s Mountain. Higher densities were not considered in the traffic report for the Draft General Plan and DEIR, and any increase in density could have traffic implications that would need further study, both in terms of access and trip generation.

Inclusionary Housing Requirements – To address affordable housing issues, the City should be requiring affordable housing for lower incomes in conjunction with the incentives overlays proposed for Harbor Boulevard and Newport Boulevard that allow higher densities. Not providing affordable housing and removing motel rooms that are the last housing choice for lower income groups could lead to more homelessness in the City.

Response: An affordable housing requirement would require policy direction from the City Council in order to be included in the General Plan.

With regard to transitional housing, according to the CEO’s office, the City has been funding three (3) non-profit organizations over the last few years which are providing transitional and rapid re-housing services to the homeless and low income community. Mercy House, Collette’s Children’s Home and Families Forward serve populations as diverse as single men who are in recovery, as well as emergency and transitional shelters for families with children. Over the past three (3) years, 102 households have been assisted with this type of housing.

The City has committed to funding these sorts of housing projects with CDBG funds for over 25 years. These organizations also take direct referrals from city Outreach Workers to ensure that a streamlined service delivery system exists so that the most vulnerable have access to outreach services on a priority basis.

4) **Proposed Land Uses** – There was a request to show the comparison of the Proposed General Plan to the Current General Plan in relationship to the overall change by land use types within the City.

Response: The following shows the comparison of the current conditions in relation to existing and proposed General Plan update:

Land Use	Units	Existing	Current GP	Proposed GP
1. Low Density Residential	DU	14,210	14,788	14,791
2. Medium Density Residential	DU	4,370	4,791	4,992
3. High Density Residential	DU	23,593	28,830	31,661
5. Age Qualified Housing	DU	450	450	450
6. General Office	TSF	7,112	8,820	10,675
7. Medical Office	TSF	112	112	112
8. General Commercial	TSF	5,601	7,337	7,299
9. Regional Commercial	TSF	4,140	4,640	4,640
10. Light Industrial	TSF	13,087	13,108	12,704
11. Golf Course	Acre	535	535	535
12. Elementary/Middle School	Student	7,385	8,067	8,067
13. High School	Student	4,590	4,998	4,998
14. College/University	Student	25,990	26,286	26,286
15. Public Facility	Acre	176	176	228
16. Fairgrounds	Acre	150	150	150
17. Storage	TSF	1,171	877	530
18. City Hall	TSF	133	133	133
19. Performance Theater	TSF	585	691	691
20. Convalescent Care	Bed	448	448	448
21. Hospital	Bed	472	472	122
22. Hotel	Room	1,877	2,077	2,077
23. Motel	Room	2,272	2,272	946
24. Auto Dealership	TSF	491	491	491
25. Passive Park	Acre	592	592	618
26. Agriculture	Acre	72	0	0
27. Religious Facility	TSF	555	555	555
28. Vacant	Acre	18	6	6
29. Museum	TSF		140	140
30. Home Ranch Trip Cap	TSF		759	0
31. Sakioka Lot 2	TSF		862	862
32. OCC Master plan	SG		100	100
		Total		
	DU	42,623	48,859	51,894
	TSF	32,987	38,525	38,832
	ACRE	1543	1459	1537
	STUDENT	37,965	39,351	39,351
	BED	920	920	570
	ROOM	4,149	4,349	3,023
	SG		100	100

5) Open Space Element – the following items were noted by one speaker:

- OSR Pages 14 – Clarification of the underserved areas that appear to be inaccurately represented with extended radius beyond a ¼ mile is requested. This issue was also included in the March 14, 2016 Planning Commission report.

Response: This comment was addressed with the March 14, 2016 staff report, Figure OSR-2 is accurate and differs from the current General Plan in that it provides a more accurate representation of access/proximity to parks based on actual walking distance of a park user. The map does not depict distance “as the crow flies.” This map shows the half and quarter mile in walking distance vs. a radius map since there may be physical barriers in place (walls, etc.). Therefore, the underserved areas are accurately depicted and the parkland per person ratio is accurately calculated.

6) Cultural Resources Element –

- Add section 11.2 of the current General Plan referred to as Relationship to Other General Plan Elements.

Response: The Introduction chapter of the Draft General Plan, on page I-2, states the requirement under State law for the internal consistency of the General Plan, which means that the Historical and Cultural Resources Element relates to and is consistent with all other elements, even given the optional nature of this particular element.

- Remove LACM-3267 and JDC- CM-2 sites from the list of paleontological resources.

Response: The member of the public making this comment did not provide specific reasons why these resources should be eliminated from the inventories. Staff will follow up appropriately to determine whether the resources should continue to be included or not. Such determination would not have any bearing on the element’s goals and policies.

- With the 1999 survey approximately 60 properties were documented on the State Inventory Forms (DPR523 forms); however, only 29 are identified as significant federal, state and/or local historic resources. Consider adding all noted 60 properties to the list of significant resources.

Response: The City welcomes additional information from the public that would enable staff to update the list.

- Add previously noted Objectives HCR- 1A.2 through HCR-1A.6 to the Cultural Resources Element – these are correctly noted in the DEIR. Keep the policies that require monitoring of the site during construction for sites that are reasonably suspected to contain resources.

Response: The mitigation measures cited are routinely included as conditions of project approval. If directed by the Planning Commission, these measures could be included as General Plan policies.

- 7) **Traffic Studies** – Clarification regarding the validity and current timing of traffic data in the traffic reports was requested.

Response: Major new traffic studies were conducted for the General Plan update. The General Plan is prepared for the next 20 years and includes development potential for important areas of the City such as the 19th Street and Newport Blvd. intersection which is considered the downtown area.

- 8) **Cumulative Impacts** – The cumulative impacts of the proposed densities should be considered; projects may also increase additional density with density bonus provisions.

Response: Over time, project applicants may request density bonuses for development projects. However, the City receives few such requests even though the legislation providing for density bonuses has been in effect for more many years. To include an estimation as to the number of additional units that could be provided as density bonus units over the 20-year lifetime of the General Plan would involve speculation. As stated in Section 15145 (Speculation) of the CEQA Guidelines, if a particular impact is too speculative for evaluation, that condition should be noted and no further analysis is required. This circumstance applies to including density bonus units as part of the EIR analysis.

- 9) **General Plan Land Use Policy for maximum four stories height** – Reference to current Policy LU-1C.2 that allows a maximum of four stories, except for special purpose housing such as elderly, affordable or student housing. The proposed Policy LU-2.8 has added language as underlined below:

“Limit building height to four stories above grade south of the I-405 Freeway, except for special purpose housing, such as elderly, affordable, or student housing, unless otherwise approved by a General Plan amendment. (A four-story/five-level parking structure with roof deck parking on the fifth level is considered a four-story structure.)”

Response: A new building height can be proposed and approved via a General Plan amendment at any time. This language does not promote or encourage amendments but merely notes a fact that could happen through a future general plan amendment.

- 10) **Required Amenities for three and four story townhomes** – It was recommended that the new three and four story homes be required to: 1) install elevators or dumbwaiters for moving groceries, etc. to upper levels, 2) include a central vacuum system, and 3) provide a private roof deck to suffice for private open space.

The General Plan does not include detailed requirements for developments in Urban Plan areas. These could be considered as recommended amenities to be included in the Urban Plans or conditions of approval as deemed appropriate per project.

DRAFT 2015-2035 GENERAL PLAN

The proposed amendments include revisions to all elements of the 2000 General Plan except the 2013-2021 Housing Element which was adopted in 2014. Those elements affected are Land Use, Circulation, Growth Management, Conservation Element, Open Space and Recreation, Noise, Safety, Community Design, and Historic and Cultural Resources.

The primary focus of the General Plan Amendments is to: 1) update the Land Use Policy Map to target revitalization efforts; 2) ensure that the Circulation Element comports with the amended land use plan, incorporates “complete streets” strategies, and addresses all current planning laws; and 3) update all other elements to incorporate provisions that respond to State laws adopted since 2002 (the adoption date of the current General Plan). The City has established 2035 as the horizon year for the amended General Plan, meaning that 2035 represents the year by which the City would expect that the General Plan’s policies and programs would be realized and a new comprehensive review of the plan may be warranted.

The following land use changes are proposed that affect four percent of the overall land uses in the City:

- A new land use designation (Multi-Use Center) that applies to the Fairview Development Center
- Two new land use overlays (Residential Incentive Overlay Zone and Harbor Mixed Use))
- Site-specific FAR of 0.64 for the Segerstrom Home Ranch site
- Site-specific density of 80 dwelling units per acre for Sakioka Lot 2
- Amended General Plan designation of Commercial Center and site specific FAR of 0.54 to 0.64 for the LA Times site

Draft Program Environmental Impact Report (DEIR) - SCH# 2015111068

This DEIR has been prepared in accordance with the California Environmental Quality Act (CEQA) (Pub. Resources Code, § 21000 et seq.) and the State CEQA Guidelines (Cal. Code Regs., § 15000 et seq.). This DEIR is a Program EIR prepared in accordance with CEQA Guidelines Section 15168. Section 15168 allows for the preparation of a Program EIR for a series of actions that can be characterized as a single project.

The Draft EIR includes an analysis of potential environmental impacts associated with the long-term implementation of the updated General Plan in relation to the following environmental topics.

<ul style="list-style-type: none">• Aesthetics• Air Quality• Cultural Resources• Geology and Soils• Greenhouse Gas Emissions• Hazards and Hazardous Materials• Hydrology and Water Quality• Land Use and Planning	<ul style="list-style-type: none">• Noise• Population and Housing• Public Services• Recreation• Transportation/Circulation• Utilities and Service Systems
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Unavoidable significant impacts have been identified with regard to air quality and greenhouse gas emissions. Sites exist within the City that are listed as hazardous waste facilities, hazardous waste properties, and/or hazardous waste disposal sites, as enumerated under California Government Code 65962.5.

In addition to the proposed land uses (referred to as Project in the DEIR), the Draft EIR evaluates four project alternatives that include:

- Alternative No. 1 - No Project/No Build Alternative (current General Plan)
- Alternative No. 2 – Fairview Development Center site remaining as a Public/Institutional land use
- Alternative No. 3 - LA Times site remaining an Industrial Park land use
- Alternative No. 4 - Segerstrom Home Ranch site remaining at the current development capacity of 0.40 Floor Area Ratio

Responses to Comments on Draft EIR

As required by CEQA, all public hearing comments and submitted comments during the 45-day public review period will be included and addressed in a “Response to comments” document that will be presented to the City Council for final consideration after the completion of the public review period.

Fiscal Impacts

The Natelson Dale Group, Inc. (TNDG) has prepared a Fiscal Impact Model and a market research and analysis that have been included as Attachment 3. A detailed presentation will be provided by the consultant at the Planning Commission meeting.

ALTERNATIVES

If additional information is needed, Planning Commission may continue this hearing to a future date.

PUBLIC NOTICE

Availability of the DEIR and 2015-2035 General Plan has been published in the Daily Pilot and notices have been sent to State and Local agencies and the resident interest list established during the Notice of Preparation process. An email was also provided to all on the interest list that has been developed with the Great Reach process.

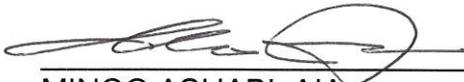
The Draft EIR and Technical Appendices will be available for review and comment for 45 days commencing March 4, 2016 at 8:00 am and ending on April 18, 2016 at 5:00 pm.

The Draft EIR and Technical Appendices are available at:

- 1) Costa Mesa City Hall, Development Services Department, 77 Fair Drive, Costa Mesa
- 2) Mesa Verde Library, 2969 Mesa Verde Drive East, Costa Mesa
- 3) Costa Mesa Library, 1855 Park Avenue, Costa Mesa.
- 4) City website: <http://www.costamesaca.gov/index.aspx?page=1994>.

CONCLUSION

The General Plan update process started in 2012. During the past three year, there were many workshops and study sessions that provided opportunities to obtain public input and discuss major land use and traffic issues. The draft 2015-2035 General Plan is a compilation of the revisions approved by the Council and updates in compliance with the latest state and regional requirements such as the Complete Street component. Most goals, policies and objectives have remained unchanged. The major land use changes are proposed for four percent of the City’s overall area, which if implemented, is anticipated to be supported by the circulation improvements within the General Plan time frame.



MINOO ASHABI, AIA
Principal Planner



CLAIRE FLYNN, AICP
Assistant Director
Development Services

- Attachments:
- 1. Resolutions
 - 2. Correspondence
 - 3. Memos from The Natelson Dale Group

- Distribution:
- Director of Economic & Development Services/Deputy CEO
 - Senior Deputy City Attorney
 - Public Services Director
 - City Engineer
 - Transportation Services Manager
 - Fire Protection Analyst
 - File (2)

RESOLUTION NO. PC-16-

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF COSTA MESA, CALIFORNIA, RECOMMENDING TO CITY COUNCIL ADOPTION OF ENVIRONMENTAL FINDINGS, CERTIFICATION OF FINAL PROGRAM ENVIRONMENTAL IMPACT REPORT SCH NO. 2015111068, ADOPTION OF MITIGATION MONITORING AND REPORTING PROGRAM, AND ADOPTION OF STATEMENT OF OVERRIDING CONSIDERATIONS FOR THE 2015-2035 GENERAL PLAN.

THE PLANNING COMMISSION OF THE CITY OF COSTA MESA HEREBY RESOLVES AS FOLLOWS:

WHEREAS, the City of Costa Mesa (the "City") has undertaken an effort to update its General Plan in the 2015-2035 General Plan update (the "Project");

WHEREAS, under section 21067 of the Public Resources Code, and section 15367 of the State CEQA Guidelines (14 Cal. Code Regs., tit. 14, §§ 15000 et seq.) the City is the lead agency for the Project;

WHEREAS, in accordance with State CEQA Guidelines section 15063, the City evaluated the Project by preparing an Initial Study in order to determine whether an environmental impact report was required;

WHEREAS, based on the Initial Study, the City determined that an environmental impact report should be prepared to evaluate the Project's potential environmental impacts;

WHEREAS, in accordance with State CEQA Guidelines section 15082, a Notice of Preparation ("NOP") was sent to responsible and trustee agencies on or around November 16, 2015, and published in the Daily Pilot, a newspaper of general circulation in the Project area, stating that a draft environmental impact report ("DEIR") would be prepared for the Project and inviting comments from responsible agencies, other regulatory agencies, organizations, and individuals;

WHEREAS, the City received written comments in response to the NOP, which assisted the City in identifying the issues and alternatives for analysis in the DEIR; and

WHEREAS, the City's Planning Commission held a duly-noticed scoping meeting on March 14, March 28 and April 11, 2016, to allow for comments regarding the issue areas for analysis in the DEIR;

WHEREAS, the DEIR (SCH#2015111068) was subsequently prepared and completed, addressing comments received in response to the NOP;

WHEREAS, in accordance with State CEQA Guidelines section 15085, a Notice of Completion of the DEIR was prepared and filed with the Office of Planning and Research on March 4, 2016;

WHEREAS, as required by State CEQA Guidelines section 15087(a), the City provided and publicly posted a Notice of Availability of the DEIR in the Daily Pilot, a newspaper of general circulation in the Project area;

WHEREAS, the above notices initiated a 45-day comment period extending from March 4, 2016, to April 18, 2016;

WHEREAS, during this public review period, copies of the DEIR were provided to approximately 40 public agencies and organizations, and were available for review at City Hall, the City website, the Mesa Verde Library, and the Costa Mesa Library; and

WHEREAS, during this public review period, the City consulted with and requested comments from all responsible and trustee agencies, other regulatory agencies, and others pursuant to State CEQA Guidelines section 15086;

WHEREAS, the City's Planning Commission held three duly noticed public hearings on March 14, March 28, and April 11, 2016, during which the Planning Commission considered the DEIR, the Project and associated actions, and during these public hearings all persons wishing to testify in connection with the DEIR and the Project were heard, and the Planning Commission fully studied the DEIR and the Project;

WHEREAS, prior to taking action, the Planning Commission has heard, been presented with, reviewed, and considered all of the information and data in the administrative record concerning the Project and associated actions, including the DEIR, and all written and oral evidence presented to it during all meetings and hearings.

BE IT RESOLVED that the Costa Mesa Planning Commission does hereby recommend to the City Council as follows: A DEIR was prepared for the Project in accordance with CEQA, the State CEQA Guidelines, and the City's Local CEQA Guidelines. The Planning Commission independently considered the DEIR and finds the DEIR and environmental findings are adequate, objective that they fully comply with CEQA, the State Guidelines, and the City's Local Guidelines. Further, the Planning Commission finds that no significant new information has been added to the DEIR requiring recirculation of the DEIR under State CEQA Guidelines section 15088.5, nor have there been any substantial changes requiring a subsequent or supplemental EIR under Public Resources Code section 21166.

BE IT FURTHER RESOLVED THAT THE Costa Mesa Planning Commission hereby finds, based on consideration of the whole record before it, including the City's Local CEQA Guidelines, the DEIR and testimony heard at the public hearing, as follows:

1. Review Period: The City provided a 45-day public review period for the DEIR as required under CEQA Guidelines Sections 15087(e) and 15105 from March 4, 2016 to April 18, 2016; and

2. Compliance with Law: The DEIR was prepared, processed, and noticed in accordance with the California Environmental Quality Act (Public Resources Code section 21000 et seq.), the State CEQA Guidelines (14 California Code of Regulations Section 15000 et seq.) and the City's Local CEQA Guidelines; and

3. Independent Judgment: The DEIR reflects the independent judgment and analysis of the City; and

4. Mitigation Monitoring Program: The DEIR recommends adoption of mitigation measures to reduce significant impacts of the Project. Therefore, if the Final EIR also recommends adoption of mitigation measures, the Planning Commission recommends that the City Council adopt a Mitigation Monitoring Program pursuant to State CEQA Guidelines section 15097. The Mitigation Monitoring Program shall be designed to ensure compliance during project implementation in that changes to the project and/or mitigation measures have been incorporated into the project and are fully enforceable through permit conditions, agreements or other measures as required by Public Resources Code section 21081.6; and

5. Statement of Overriding Considerations: The DEIR identifies that the Project has potentially significant effects with regards to air quality and greenhouse gas emissions that will remain significant despite the implementation of all feasible mitigation measures. Therefore, if the Final EIR identifies significant and unavoidable impacts, in order to adopt the Project, the City Council must first adopt a Statement of Overriding Considerations that indicates the benefits of the Project outweigh the unavoidable significant environmental effects as required by State CEQA Guidelines section 15093. Those benefits are described in the DEIR and elsewhere in the administrative record, and will be described in the Final EIR and the Statement of Overriding Considerations as well.

BE IT FURTHER RESOLVED that the Costa Mesa Planning Commission finds that the DEIR and Project-related documents are on file and available for public review at Costa

Mesa City Hall 77 Fair Drive, Costa Mesa, CA 92627. The Director of Development Services is the custodian of these documents.

BE IT FURTHER RESOLVED that the Costa Mesa Planning Commission hereby recommends that the City Council adopt environmental findings pursuant to CEQA, certify the Environmental Impact Report (SCH #2015111068), adopt a Mitigation Monitoring Program, and adopt Findings of Fact and a Statement of Overriding Considerations for the 2015-2035 General Plan.

PASSED AND ADOPTED this 11th day of April, 2016.

Robert L. Dickson, Jr. Chair
Costa Mesa Planning Commission

RESOLUTION NO. PC-16-

**A RESOLUTION OF THE PLANNING COMMISSION OF
THE CITY OF COSTA MESA, CALIFORNIA,
RECOMMENDING CITY COUNCIL ADOPTION OF THE
COSTA MESA 2015-2025 GENERAL PLAN**

**THE PLANNING COMMISSION 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 by Resolution No. 02-08 on January 23, 2002;

WHEREAS, the General Plan is a long-range, comprehensive document that serves as a guide for the orderly development of Costa Mesa;

WHEREAS, by its very nature, the General Plan needs to be updated and refined to account for current and future community needs;

WHEREAS, the 2015-2035 General Plan, as an update of 2000 General Plan, will revise the following densities in the Land Use Element:

- Site specific FAR with a maximum of 0.64 on the 44-acre subarea of Segerstrom Home Ranch,
- Site specific FAR a maximum of 0.64 for office development and 0.54 for commercial/retail on the 23.5-acre former LA Times site,
- Site specific FAR of 1.0 for Sakioka Lot 2
- A new "Multi-Use Center" land use designation for Fairview Developmental Center site allowing: 0.25 FAR Institutional & Recreational Uses, 25 percent minimum requirement for park and open space purposes (approximately 25.6 acres). Maximum cap of 500 dwelling units for the entire site at 15 dwelling units per acre. Exception: 300 dwelling units at 25 dwelling units per acre allowed for the Shannon's Mountain site (12-acre development area at Shannon's Mountain)
- A new "Residential Incentive Overlay" land use designation for five nodes along Harbor Boulevard (total 27.4 acres) allowing a residential density of up to 40 du/acre.
- A new "Residential Incentive Overlay" land use designation for ten nodes along Newport Boulevard (total 30.3 acres) allowing a residential density of up to 40 du/acre.
- A revision to SOBECA Urban Plan allowing a site specific density of 40 du/acre and maximum of 450 units.
- A new "Harbor Mixed Use Overlay" land use designation for specific areas (24.6 acres) north of 19th Street allowing a mixed use development with maximum density of 20 du/acre and 1.0 to 0.25 FAR.

WHEREAS, the 2015-2035 General Plan, will revise not substantially modify existing goals, objectives, and policies;

WHEREAS, the 2015-2035 General Plan's primary objectives are to provide development alternatives for approximately 5 percent of the land within the City, update technical information and projections, incorporate the Housing Element certified by the California Department of Housing and Community Development on January 21, 2014;

WHEREAS, public hearings were held on March 14, March 28 and April, 2016, by the Planning Commission 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 the said 2015-2035 General Plan and accompanying Program EIR State Clearing House No. 2015111068;

WHEREAS, on March 14, March 28 and April 11, 2016, the Planning Commission also conducted public hearings and considered the Draft Program Environmental Impact Report SCH No. 2015111068;

WHEREAS, the Planning Commission considered errata pages to the originally circulated General Plan at the public hearings;

WHEREAS, the environmental review for the project was processed in accordance with the requirements of the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and the City of Costa Mesa Environmental Guidelines;

WHEREAS, the Planning Commission has recommended certification of Final Program Environmental Impact Report SCH No. 2015111068 by separate resolution based on the administrative record to date;

BE IT RESOLVED that the Costa Mesa Planning Commission does hereby recommend to the City Council adoption of the 2015-2035 General Plan and related Errata.

PASSED AND ADOPTED this 11th day of April, 2016.

Robert L. Dickson, Jr. Chair
Costa Mesa Planning Commission

April 4, 2016

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF COSTA MESA:

PUBLIC COMMENT ON THE DEIR FOR THE PROPOSED GENERAL PLAN AMENDMENTS OF 2016 TO BE INCLUDED IN THE FINAL EIR.

The proposed amendments “Residential Incentive Overlay Harbor Boulevard” and “Harbor Mixed Use Overlay” and the discussion of them in the Land Use Element portion of the DEIR are inconsistent with the DEIR’s Noise Element findings.

All the following facts and figures are taken from the General Plan and EIR.

Section 13-280 of the Costa Mesa Municipal Code sets the residential exterior noise standard of 55 dB(A) from 7:00 A.M. through 11:00 P.M. and 50 dB(A) from 11:00 P.M. through 7:00 A.M.

In contrast, the measured noise levels along the segment of Harbor Boulevard that is to transition to high-density residential measure 71.5 Leq at Harbor and Adams (one block north of the Azulon senior housing complex) and 73.1 Leq at Harbor and 19th Street. The maximum measured at those locations are, respectively, 88.5 and 86.9 Lmax.

The EIR declares no significant impact because it states that implementing the City’s Municipal Code and the proposed General Plan Amendment policies will prevent the obvious impact from occurring. But it is impossible to implement a law limiting noise to 50 or 55 dB(A) on a major traffic corridor where the measured noise level is already far higher. Policy N-1.A says, “Enforce the maximum acceptable exterior noise levels for residential areas at 65 CNEL.” Even that policy, referring to a higher noise level, cannot reconcile the high noise volume on Harbor Boulevard with a level acceptable for residential development.

Therefore, implementing the City’s Municipal Code and General Plan Amendment policies means necessarily prohibiting residential development along the Harbor Boulevard corridor. Therefore, the proposed “Residential Incentive Overlay Harbor Boulevard” and “Harbor Mixed Use Overlay” cannot be adopted nor implemented, and therefore, the DEIR is internally inconsistent.

Respectfully submitted,

Eleanor M. Egan



MARK A. REFOWITZ
DIRECTOR
(714) 834-6021
mrefowitz@ochca.com

RICHARD SANCHEZ
ASSISTANT DIRECTOR
(714) 834-2830
Richard.Sanchez@ochca.com

OFFICE OF THE DIRECTOR

405 W. 5th STREET, 7th FLOOR
SANTA ANA, CA 92701
FAX: (714) 834-5506

March 25, 2016

Amy Wall
Assistant Director
Department of Developmental Services
Developmental Center Closure
1600 9th Street,
Sacramento, CA 94244-2020

Dear Ms. Wall:

The Orange County Health Care Agency (HCA) supports the City of Costa Mesa's General Plan use for the Fairview Developmental Center. The multi-use plan, which is the integration of a variety of land uses and intensities, will include a variety of residential, open space, and institutional uses. HCA has given thoughtful consideration to the ongoing need for services for the developmentally disabled and behavioral health communities that will be impacted by related transitions at the current site of the Fairview Developmental Center.

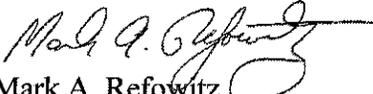
HCA has identified a need for a certain programs, which will demonstrate positive outcomes for those served as well as the community at-large. Services that have the greatest potential and uses include:

- **Health Resource Center/Federally Qualified Health Center (FQHC):** A satellite health clinic to treat the comorbid and complex medical conditions of clients. FQHCs must serve underserved populations and receive enhanced reimbursement for delivering services to populations in need. The benefit to the community is the availability of a clinic that serves underserved populations. The benefit to the FQHC is that it gets enhanced reimbursement, usually based on actual costs, and access to 340B discounted drug pricing, the Vaccines for Children Program, etc. This provides the opportunity to have a community-based clinic that can treat the former residents of the Fairview Developmental Center who will continue to reside in Orange County. These are complex clients who require specialized staff experienced in addressing and properly responding to their service needs. Current clinical staff of Fairview Developmental Center are potential employees of this FQHC. We anticipate that this clinic will be able to contract with CalOptima, our County-operated health system (COHS), and receive Medi-Cal reimbursement.

- **Supportive Housing:** Supportive housing is a combination of housing and services intended as a cost-effective way to help people live more stable, productive lives in their community. Supportive housing is a proven model for those who face the most diverse disabilities (e.g., intellectual disabilities, mobility and/or sensory impairments) or other serious challenges to a successful life. Supportive housing can be coupled with other services such as job training, life skills development, alcohol and drug abuse programs, community support services (e.g., child care, educational programs), and case management to populations in need of assistance. Supportive housing is intended to be a pragmatic solution that helps people have better lives. The primary goal of the program is to provide housing to people and to provide supportive services to assist individuals with treatment and development of the life skills necessary to remain in independent housing.

My staff has met with representatives of the City of Costa Mesa and discussed potential future uses of the Fairview Developmental Center complex that are consistent with both County and City goals. I stand ready to work collaboratively with the City of Costa Mesa and the State to develop the most comprehensive plan for the use of this property while compassionately assessing how to best meet the complex, special needs of the populations currently served and ultimately impacted by transitions related to the Center's closure.

Sincerely,


Mark A. Refowitz
HCA Director

MAR:lla 16-030

Attention: Mino Ashabi and Claire Flynn

From: Donald L. Sherman, Parcel 422-021-09

Pursuant to your instructions, I emailed my following email directly to the website referenced on the front page of the website mentioned in your email, so you can include it in your upcoming staff report.

donaldleesherman@aol.com

to generalplan

4 minutes ago

Details

Gentlemen:

I am the property owner of the above referenced .85 acre parcel number 422-021-09 commonly known as the SWC HARBOR BLVD & VICTORIA STREET which encompasses 2129, 2131, 2137, 2139, and 2145 Harbor Boulevard, Costa Mesa, CA 92627.

I am supportive of your previously approved inclusion of my property in the proposed residential overlay to the General Plan along Harbor Boulevard. With respect to your planned finalization of which parcels will be considered, please accept this email as MY EXPRESSED INTEREST AND APPROVAL OF HAVING MY PROPERTY INCLUDED IN THE PROPOSED RESIDENTIAL OVERLAY, provided it will not change my current zoning, but will also allow for residential development in the future.

Please feel free to include me on your email distribution of interested property owners. Thanks for your consideration.

Sincerely,

DONALD L. SHERMAN
100% OWNER OF 2129 THRU 2145 HARBOR BLVD, COSTA MESA, CA 92627
PARCEL NUMBER 422-021-09

April 6, 2016

Lisa Sabo, President
Orange County Fairgrounds Preservation Society
PO Box 4155
Orange, CA 92863

Minoo Ashabi, Principal Planner
City of Costa Mesa – Development Services Department
77 Fair Drive,
P.O. Box 1200
Costa Mesa, CA 92628-1200

Re: Draft Environmental Impact Report for the 2015-2035 General Plan March 4, 2016,
State Clearinghouse No. 2015111068

Dear Ms. Ashabi,

The Orange County Fairgrounds Preservation Society (OCFPS) is submitting comments with regards to the Draft Environmental Impact Report for the 2015-2035 General Plan March 4, 2016, State Clearinghouse No. 2015111068

OCFPS is a group of stakeholders including businesses and community members, of the 32nd District Agricultural Association (32nd DAA), more commonly known as the Orange County Fairgrounds and Orange County Fair and Event Center.

In 2012, OCFPS reached a settlement agreement regarding the continued operation of the Pacific Amphitheatre located on the 32nd DAA property (2012 Pac Amp Settlement Agreement). The 2012 Pac Amp Settlement Agreement included existing noise standards, required the hiring and usage of a qualified sound monitor for all events in the Pacific Amphitheatre and required that all users of the Pacific Amphitheatre and talent be contractually obligated to obey the noise limits and directions of the qualified sound monitor.

In Section 4 Environmental Impact Analysis, Noise 4.12, noise limits imposed by the terms of the 1990 Order are incorporated as part of the above referenced draft EIR. OCFPS requests that the entire agreement 2012 Pacific Amphitheatre Settlement Agreement be incorporated in the above referenced draft EIR. A copy of the 2012 Pacific Amphitheatre Settlement Agreement is attached to this document.

Sincerely,



Lisa Sabo
OCFPS President

SETTLEMENT AND RELEASE AGREEMENT
ORANGE COUNTY FAIRGROUNDS PRESERVATION SOCIETY vs. 32ND DISTRICT
AGRICULTURAL ASSOCIATION, a public agency,

(Orange County Superior Court, Case No. 30-2012-00538751)

This Settlement and Release Agreement ("Agreement") is being made by and among the following Parties: (1) Orange County Fairgrounds Preservation Society ("SOCIETY") and (2) 32nd District Agricultural Association, a California public agency ("ASSOCIATION"). SOCIETY and ASSOCIATION may be referred to herein individually as a "Party" or collectively as "Parties."

1. BACKGROUND RECITALS

1.1 ASSOCIATION is a California state institution that operates the Orange County Fairgrounds.

1.2 SOCIETY is a California non-profit corporation organized to preserve the Orange County Fairgrounds as a valuable public asset consistent with the rights of the surrounding residents of the City of Costa Mesa.

1.3 As part of the operation of the Orange County Fairgrounds, the ASSOCIATION adopted a Master Plan for the Development of the Fairgrounds (the "Master Plan"). In the fall of 2011, the Board of Directors of the ASSOCIATION approved the initiation of a planning process for the implementation of the Master Plan with respect to the Pacific Amphitheater providing for the reengineering of the berm, the relocation of the main entry north of the existing entry and the creation of paved multi-purpose areas in the space created by the reengineered berm (the "Project"). The proposed extent of the Project is described in Exhibit A.

1.4 The parties are in disagreement with respect to whether the initiation of the planning process amounted to a project within the meaning of the California Environmental Quality Act.

1.5 On December 15, 2011, the Board of Directors of the ASSOCIATION elected to treat the implementation of the Pacific Amphitheater improvements as a project under CEQA, reconsidering its previous action and approved proceeding with the design of Project.

1.6 On December 21, 2011, the ASSOCIATION filed a Notice of Determination with respect to the Project.

1.7 In the past there have been disputes among the ASSOCIATION, operators of the Pacific Amphitheater and homeowners living in adjacent neighborhoods with respect to the appropriate noise level standards that should apply to events at the Pacific Amphitheater.

1.8 In 1980, the City of Costa Mesa and the ASSOCIATION entered into a settlement agreement that, among other things, addressed noise related issues in residential zones.

1.9 In 1990, the court in the matter of Concerned Citizens of Costa Mesa, Inc. v. 32nd District Agricultural Association (Orange County Superior Court No. 42 07 28 and 55 65 08) established certain stair step sound level standards applicable to events at the Pacific Amphitheater.

1.10 Since 2003, when the ASSOCIATION commenced conducting events in the Pacific Amphitheater, the ASSOCIATION has employed a sound monitor (the "Sound Monitor") to monitor sound levels during Pacific Amphitheater events in the adjacent neighborhoods to ensure compliance with the Sound Level Standard. Since that time, very few complaints about noise from the Pacific Amphitheater have been received and all were resolved by the Sound Monitor by requiring the noise levels to be adjusted.

1.11 On January 20, 2012, SOCIETY filed a Petition for Writ of Mandate challenging the Project under the California Environmental Quality Act ("CEQA"), Public Resources Code, Sections 21000 *et seq.*, naming the ASSOCIATION as Respondent. The civil proceeding is known as Orange County Fairgrounds Preservation Society v. 32nd District Agricultural Association, a public agency, (Orange County Superior Court, Case No. 30-2012-00538751) ("Pacific Amphitheater Action"). That matter is now pending before Judge John C. Gastelum in Department C 09.

1.12 SOCIETY and ASSOCIATION desire to settle the Pacific Amphitheater Action once and for all in order to avoid the expense and delay of litigation and without any admission of liability.

1.13 The specific terms and conditions of this Agreement, as set forth in detail below, are a compromise and do not necessarily reflect the Parties' views of what may be required under CEQA or other laws.

1.14 Before executing this Agreement, each of the Parties consulted with separate, independent attorneys of their own respective choosing in order to review the terms and provisions of this Agreement and to satisfy themselves that executing it is in their respective best interests.

Against this background and for a valuable consideration, the receipt and sufficiency of which is now acknowledged, the Parties agree as follows:

2. OBLIGATIONS OF THE PARTIES

2.1 Obligations of ASSOCIATION

2.1.1 Marketing/Notice of Complaint System. The ASSOCIATION will maintain a complaint system both by telephone and internet which accepts and monitors complaints arising out of Pacific Amphitheater operations and promptly refers those complaints to the persons authorized to take remedial actions on the complaints. For sound complaints for an event at the Pacific Amphitheater, this referral shall be substantially immediate. The ASSOCIATION shall include advisements of contact information for the complaint system in its mailings to the nearby residential community including College Park, Mesa Del Mar and any other residential areas which may be

substantially impacted by operation of the Pacific Amphitheater and shall post the complaint system and contact information on its website.

2.1.2 Construction of Improvements. The ASSOCIATION shall cause improvements to the Pacific Amphitheater to be in compliance with the Master Plan which was the subject of the EIR Certified on August 23, 2003. The ASSOCIATION agrees that the Project shall be designed so that the sound attenuation aspects of the Pacific Amphitheater shall be at least as effective as the current configuration. Upon completion of the Project, the ASSOCIATION shall conduct appropriate analysis to confirm that this design standard has been met. The Parties agree that the Project as defined herein is consistent with the Master Plan. Any further changes to the Project or the Pacific Amphitheater shall be reviewed as required by law. The ASSOCIATION shall continue to study sound attenuation for the Pacific Amphitheater in connection with any further improvements to the Pacific Amphitheater and shall incorporate improvements and methods of operation which reasonably reduce sound levels reaching the residential neighborhoods from the Pacific Amphitheater at the discretion of the ASSOCIATION.

2.1.3 Sound Limits for Events at the Pacific Amphitheater. The residential zones sound level standards and limits applicable to the Pacific Amphitheater shall be as follows (the "Pac Amp Sound Level Standards"):

(a) Pacific Amphitheater Events During the Fair Season. For the purposes of this Agreement the term "Fair Season" shall mean one week prior to and one week following the state approved schedule for the Orange County Fair.

Sound Level Standards

<u>Sound Level</u>	<u>Time Period</u>	<u>Day of Week</u>
55 dB(A)	07:00 a.m. – 10:30 p.m.	Sun. – Thur.
50 dB(A)	10:30 p.m. – 07:00 a.m.	Sun. – Thur.
55 dB(A)	07:00 a.m. – 11:00 p.m.	Fri. – Sat.
50 dB(A)	11:00 p.m. – 07:00 a.m.	Fri. – Sat.

(b) Events Outside of the Fair Season

Sound Level Standards

<u>Sound Level</u>	<u>Time Period</u>	<u>Day of Week</u>
50 dB(A)	07:00 a.m. – 10:30 p.m.	Sun. – Thur.
45 dB(A)	10:30 p.m. – 07:00 a.m.	Sun. – Thur.
50 dB(A)	07:00 a.m. – 11:00 p.m.	Fri. – Sat.

50 dB(A)

11:00 p.m. – 07:00 a.m.

Fri. – Sat.

The sound levels emanating from the Pacific Amphitheaters shall not exceed:

1. The applicable Sound Level Standard for a cumulative period of more than thirty (30) minutes in any hour; or
2. The applicable Sound Level Standard plus five (5) dB(A) for a cumulative period of more than fifteen (15) minutes in any hour; or
3. The applicable Sound Level Standard plus ten (10) dB(A) for a cumulative period of more than five (5) minutes in any hour; or
4. The applicable Sound Level Standard plus fifteen (15) dB(A) for a cumulative period of more than one (1) minutes in any hour; or
5. The applicable Sound Level Standard plus twenty (20) dB(A) for any period of time.

In the event the ambient noise level exceeds any of the first four sound limit categories set forth above, the cumulative period applicable to the category shall be increased to reflect the ambient noise level. In the event the ambient sound level exceeds the fifth sound level category, the maximum allowable sound level shall be increased to reflect the ambient noise level.

2.1.4 Sound Level Monitoring. The ASSOCIATION shall monitor compliance with the Pac Amp Sound Standard as follows:

(a) The ASSOCIATION shall employ a sound professional or professionals (the "Monitor") to monitor sound levels in the surrounding residential neighborhoods during all Pacific Amphitheater events. The Monitor shall have the authority to require the sound system in the Pacific Amphitheater to be adjusted in order to comply with the Pac Amp Sound Level Standard. Prior to the first seasonal event at the Pacific Amphitheater utilizing amplified speech or music, the Monitor shall calibrate the sound system in order to comply with the Pac Amp Sound Level Standard.

(b) The monitoring to be conducted shall consist of aural observations and periodic readings from sound level meters. In the event the Monitor determines that the sound levels observed or measured exceed the Pac Amp Sound Standard in the Monitor's professional opinion, the Monitor shall cause the sound equipment within the Pacific Amphitheater to be adjusted in order to meet the Pac Amp Sound Standard.

(c) In the event of a noise complaint received from a residential neighborhood during a Pacific Amphitheater event, the Monitor shall proceed to the location of the residence from which the complaint was received and shall reasonably

promptly cause the sound equipment within the Pacific Amphitheater to be adjusted in order to conform to the Pac Amp Sound Level Standard if necessary.

(d) In the event SOCIETY believes that the Pac Amp Sound Level Standard is not being met, the SOCIETY may request and, if so requested, Monitor shall conduct a noise level analysis (the "Compliance Analysis") at the location specified in the courts order in the case of Concerned Citizens of Costa Mesa, Inc. v. 32nd District Agricultural Association (Orange County Superior Court No. 42 07 28 and 55 65 08), 947 Serra Way, Costa Mesa, CA. The SOCIETY shall be advised of the time and place of the Compliance Analysis, which shall occur during the next performance at the Pacific Amphitheater, and shall have the opportunity to attend and observe the Compliance Analysis. In the event the Monitor determines that no violation of the Pac Amp Sound Level Standard is occurring and SOCIETY makes a subsequent demand for a Compliance Analysis during the same Fair Season that also demonstrates that no violation of the Pac Amp Sound Standard is occurring, SOCIETY shall reimburse the ASSOCIATION for the cost of any such subsequent Compliance Analysis in the amount of One Thousand Dollars (\$1,000).

2.1.5 Compliance Riders and Monitoring. The ASSOCIATION shall not permit any event at the Pacific Amphitheater unless the persons staging and putting on the event have agreed to comply with this Agreement and the directions of the Sound Level Monitor. The ASSOCIATION shall cause any event at the Pacific Amphitheater involving amplified speech or music to be in compliance with this Agreement at its expense. This compliance effort shall include, but is not limited to, employment of the Monitor to evaluate sound levels in the adjacent neighborhoods during events at the Pacific Amphitheater and to respond to complaints as provided in Section 2.1.4.. Any complaints and all related sound level meter recordings shall be retained, noted and summarized in a report as to the number, the observed or sound level recorded, if any, and location of any complaints and compliance with this Agreement within 30 days after each event at the Pacific Amphitheater. The complaints, the record of the sound level meter recordings, and reports shall be public records of the ASSOCIATION, open for public inspection upon request, and maintained by the ASSOCIATION as required by law as a public records.

2.1.6 Avoidance of Simultaneous Events. Excluding events during the Fair, Pacific Amphitheater events shall not be scheduled during peak traffic hours or within one hour of the commencement or completion of another independent event on the Fairgrounds with a forecasted attendance of 10,000 persons or more.

2.1.7 Costs and Fees. The ASSOCIATION shall pay the Richard Spix, counsel for the SOCIETY, the sum of \$7,500.00 as costs and fees.

2.2 Obligations of Petitioner SOCIETY

2.2.1 Dismissal of Pacific Amphitheater Action. Not more than five (5) days after SOCIETY's attorney's receipt of the payments referenced above in Paragraph 2.1.7, SOCIETY shall cause a Request for Dismissal to be filed with the Orange Superior Court

in the Pacific Amphitheater Action, requesting the Court dismiss the Pacific Amphitheater Action in its entirety as to all parties with prejudice. Upon his receipt of a conformed copy of the Request for Dismissal and entry of Dismissal from the Court, SOCIETY's attorney shall provide a copy of the same to ASSOCIATION. Notwithstanding anything herein to the contrary, ASSOCIATION's actual disbursement of the amounts referenced above in Paragraph 2.1.7 to SOCIETY's attorney is and shall be an express condition precedent to their filing of the Request for Dismissal.

3. GENERAL PROVISIONS

3.1 Reliance on Representations/Warranties. Each representation and warranty made in this Agreement by any of the Parties has substantially induced the other Parties to enter into this Agreement. Each Party acknowledges and affirms that the other Parties are entitled to rely on that Party's representations and warranties without independent verification and that such reliance is reasonable under the circumstances of this Agreement.

3.2 Integration. This Agreement, including its Exhibit, which are integral and essential parts of the Agreement, constitutes and contains the entire agreement and understanding between the Parties concerning the subject matter of this Agreement. Unless otherwise expressly stated herein, this Agreement supersedes and replaces all prior negotiations and all agreements, proposed or otherwise, whether written or oral, concerning its subject matter. Notwithstanding the foregoing, except to the extent expressly provided in this Agreement, no other agreement or policy adopted or entered into by the ASSOCIATION is intended to be modified in any way. This Agreement shall be given independent vitality notwithstanding any other agreement or policy adopted or entered into by the ASSOCIATION.

3.3 Cooperation. The Parties shall cooperate in performing their obligations under this Agreement, execute all supplementary documents that may be required or convenient to the fulfillment of their obligations, and take all additional actions that may be necessary or appropriate to give full force and effect to the terms and conditions of this Agreement and that are not inconsistent with such terms and conditions. Each Party, diligently and in good faith, shall undertake all actions and procedures reasonably required to carry out the purpose and intent of this Agreement.

3.4 Notices. Any and all notices or other communications required or permitted by this Agreement or by law to be served on or given to any of the Parties shall, unless otherwise required by law, be in writing and be deemed duly served and given (a) when personally delivered to the Party to whom it is directed; or (b) when deposited with the United States Postal Service and sent via certified mail (return receipt requested), first-class postage prepaid. The following addresses shall be used for any and all notices:

For Orange County Preservation Society	Richard L. Spix The Law Offices of Spix and Martin 1505 East 17th Street, Suite 230 Santa Ana, California 926705
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For 32nd District Agricultural Association	Roger A. Grable
--	-----------------

Manatt, Phelps & Phillips, LLP
695 Town Center Drive, 14th Floor
Costa Mesa, California 92626

However, any Party may change the address to which notices or other communications are to be given under this Agreement by sending a notice of the change to the other Parties at their last address to have been designated under this Agreement.

3.5 Mutual Drafting, Use of Titles. The Parties participated equally in negotiating and drafting this Agreement, and nothing in it shall be construed against any particular Party on the basis that this Agreement was drafted by that Party. Headings and titles are used throughout this Agreement solely for the convenience of the Parties and are not an integral part of it.

3.6 Severability. If any term, condition, or application of this Agreement is held to be invalid, such invalidity shall not affect the Agreement's other terms, conditions, or applications that can be given effect without the invalid term, condition, or application. To this end, the Agreement is declared to be severable.

3.7 Waiver/Modification/Remedy Selection. No forbearance of enforcement or waiver of any breach of any term or condition of this Agreement shall be, nor shall it be construed to be, a waiver of any other breach of this Agreement, and no waiver shall be binding unless made in writing and signed by the Party waiving the breach. No change in the terms or conditions of this Agreement shall have any force or effect unless expressed in a writing signed by the Parties. A Party's pursuit or enforcement of fewer than all available remedies in the event of any breach or default under this Agreement shall not preclude that Party from pursuing or enforcing other or all available remedies in the event of any other breach or default under this Agreement unless otherwise prohibited by law.

3.8 Persons/Entities Bound. This Agreement shall be binding on and inure to the benefit of the Parties, jointly and severally, and to their successors, members, directors, officers, associates, employees, and agents.

3.9 Notice and Cure Procedure. Prior to initiating a judicial proceeding arising out of or in connection with this Agreement, the objecting Party shall first notify the responding Party in writing of its purported breach or failure, giving the responding a reasonable opportunity from receipt of such notice to cure such breach or failure. If the responding Party does not (a) cure the default; or (b) provides a mutually acceptable plan to cure the default, then the complaining Party may pursue its judicial remedies in accordance with this Agreement.

3.10 Enforcement by SOCIETY. The ASSOCIATION acknowledges that any action or proceeding arising out of this Agreement will satisfy the elements of the California Code of Civil Procedure Section 1021.5 that: the action enforces an important public right, involves a large number of persons, and that the burden of private enforcement outweighs the benefit conferred by the litigation. The ASSOCIATION further acknowledges that a breach of this Agreement constitutes irreparable harm and that damages would be inadequate within the

meaning of California Code of Civil Procedure Section 527 for all purposes in any action or proceeding.

3.11 Efficacy of Copy/Counterparts. This Agreement may be executed in counterparts, and each executed counterpart shall have the efficacy of a signed original. Photographic duplications of executed counterparts may be used, in the absence of any genuine issue as to their authenticity, in lieu of originals for any purpose. Each Party's executing signature may be transmitted to the others via facsimile, and such facsimile signature shall have the same effect as an original signature.

3.12 Effective Date. Unless otherwise explicitly set forth above, this Agreement shall take effect immediately upon its having been signed by each of the Parties.

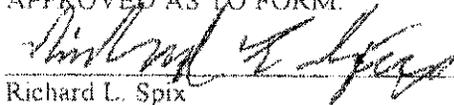
3.13 Governing Law. This Agreement shall be governed by, and all rights and liabilities under it shall be determined in accordance with, the laws of the State of California.

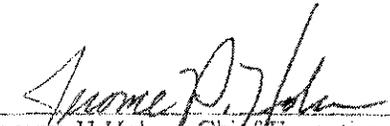
3.14 Legal Expenses and Costs. Except as provided in Paragraph 2.1.7, the Parties shall each bear their respective attorney fees and other legal expenses and costs incurred in connection with the Pacific Amphitheater Action through the Effective Date and incurred in connection with the negotiation and execution of this Agreement.

3.15 Authority to Bind. Each person signing this Agreement represents that he or she has full legal authority to bind the Party on whose behalf the person signs.

Signed:

By: 
President
Orange County Fairgrounds Preservation
Society
Date: 8-8, 2012

APPROVED AS TO FORM:
By: 
Richard L. Spix
The Law Office of Spix and Martin
Counsel for Orange County Fairgrounds
Preservation Society
Date: 8-8, 2012

By: 
Jerome H. Hoban, Chief Executive Officer
32nd District Agricultural Association
Date: 8-13, 2012

APPROVED AS TO FORM:
By: 
Roger A. Grable
Manatt, Phelps & Phillips, LLP
Counsel for 32nd District Agricultural
Association
Date: 8-16, 2012

M E M O R A N D U M			
TO:	Daniel Inloes, AICP Senior Planner City of Costa Mesa	DATE:	April 7, 2016
FROM:	Roger Dale, Managing Principal The Natelson Dale Group, Inc. (TNDG)	FILE:	#4034
SUBJECT:	Costa Mesa General Plan Update – Documentation of Market Research Completed for Fiscal Impact Model		

TNDG's work on the General Plan update included limited market research to develop realistic factors/assumptions for the Fiscal Impact Model (FIM). This memorandum provides documentation of that research.

Executive Summary

As described in greater detail below, TNDG's market analyses project potential market demand for new development in Costa Mesa based on the City's established position in the Orange County and southern California real estate markets, existing and projected demographic trends (for the City and the larger region), and available land capacity. ***In short, the market analysis is intended to answer the question: Will there be enough market demand for the development amounts proposed in the General Plan to actually be built over the next 20 years (the timeframe of the study)? For most land uses (housing, office, industrial and hotels), the answer is: Yes, there will be enough market demand to fully (or almost fully) "build out" the General Plan capacity by 2035. For retail development, TNDG projects that the City will only reach about 81% of the potential development capacity by 2035.***

The market forecasts are an important input to the Fiscal Impact Analysis (FIA) completed for the General Plan update. The FIA is summarized in a separate memorandum and concludes that new development over the next 20 years will result in a mix of land uses that generates a positive fiscal balance for the City (i.e., General Fund revenues exceed General Fund costs).

TNDG's market projections are briefly summarized as follows:

- ***Housing.*** The City currently has a total housing stock of 42,623 dwelling units. Per the proposed General Plan update, the capacity for new housing development would be 4,447 additional units, resulting in a total of 47,070 units at buildout. This new development would be responding to Orange County's strong demand for new housing,

TNDG projects that full buildout of the General housing capacity would be reached by 2035.

- **Retail.** The City has an existing inventory of approximately 8.5 million square feet of retail space. Based on the relatively conservative methodology used for this analysis (in which increases in retail market demand are assumed to proportionate to local/regional population growth), TNDG projects that the City could support approximately 678,000 square feet of new retail space by 2035. This would bring the City's total inventory of retail space (existing plus new) to approximately 9.2 million square feet, representing approximately 81% of the General Plan buildout capacity (11.3 million square feet).
- **Office.** Costa Mesa has an existing inventory of 7.2 million square feet of office space. TNDG projects that the City could absorb approximately 1.8 million square feet of additional office space by 2035. This would bring the City's total inventory of office space (existing plus new) to approximately 9.0 million square feet, representing approximately 98% of the General Plan buildout capacity.
- **Industrial.** The City has an existing inventory of 12.2 million square feet of industrial space. Per the proposed General Plan update, the capacity for additional industrial development would be 856,000 square feet, resulting in a total of approximately 13.1 million square feet of industrial space at buildout. TNDG projects that full buildout of the General industrial capacity would be reached by 2035.
- **Hotels.** The City has an existing inventory of 1,877 hotel rooms. Under the proposed General Plan designations, the buildout capacity hotel facilities in the City would be 2,077 rooms (i.e., an addition of 200 rooms). TNDG believes that the incremental hotel demand of 200 rooms is likely to be readily achievable by the 2035 horizon considered in this analysis.

Overview

The Fiscal Impact Model (FIM) is designed to forecast City revenues and costs associated with new development as the City reaches buildout. As explained below, the FIM assumes that full buildout of the General Plan's residential development capacity will occur by 2035. For non-residential land uses, The Natelson Dale Group, Inc. (TNDG) has completed focused market research to estimate the degree to which the General Plan buildout capacities are likely to be reached by the residential buildout year of 2035. Based on the market research, TDNG has estimated "market adjustment factors" for land uses for which full buildout is not likely to occur by 2035. The market adjustment factors represent the percentage of full buildout which is likely

to be achievable by 2035 based on order-of-magnitude market forecasts. The primary intent of market-testing the non-residential land uses is to ensure that the FIM does not provide an overly optimistic financial forecast for the City based on unrealistic assumptions regarding the absorption of revenue-generating land uses (e.g., generation of sales taxes from new retail development).

Based on TNDG's market analysis, the fiscal projections provided in the FIM reflect the following land use assumptions:

Land Use	Existing Development	Theoretical Buildout	Market Adjustment Factor	Evaluated Buildout
Low density residential (DU's)	14,210	14,591	100%	14,591
Medium density residential (DU's)	4,370	4,992	100%	4,992
High density residential (DU's)	23,593	27,487	100%	27,487
Age-qualified housing (DU's)	450	450	100%	450
Retail square feet	8,465,000	11,278,000	81%	9,135,180
Office square feet	7,224,000	9,149,000	98%	8,996,020
Industrial square feet	12,222,000	13,078,000	100%	13,078,000
Hotels (rooms)	1,877	2,077	100%	2,077
Motels (rooms)	2,272	946	100%	946

Scope and Limitations of the Research

In order to develop realistic land use assumptions as inputs to the Fiscal Impact Model (FIM), TNDG completed focused market research on the following topics:

- Potential sales prices of future new housing units in the City;
- Total potential absorption of future new retail space;
- Total potential absorption of future new office space;
- Total potential absorption of future new industrial space;
- Total potential absorption of future new hotel rooms.

It should be emphasized that, consistent with the scope of the General Plan assignment, TNDG's market research was not intended to provide a full-blown feasibility analysis for specific, near-term development projects. The market research provided here is limited in scope and is not intended to serve as an "official forecast" of market demand in the City. Instead, the scope of TNDG's market analysis was narrowly focused on ensuring that the long-term land use assumptions in the FIM are conservative from the standpoint of potential budgetary impacts to the City. In this context, "conservative" means that the assumptions are intended to err on the side of under-estimating revenues and over-estimating costs. In this regard, TNDG's approach to defining "market tested" land use assumptions for the FIM is based on the following considerations:

- The FIM assumes full buildout of the residential development capacity indicated in the General Plan. This assumption is conservative (i.e., errs on the side of overstating fiscal costs) in that it represents that maximum potential impact in terms of population growth and related demands for municipal services. For this reason, TNDG has not forecasted an absorption rate for residential development, but has focused on projecting the potential future *pricing* of new housing in the City. In an essentially built-out environment such as Orange County where there is strong market pressure for population growth, it is typically assumed that housing products that are competitively priced and responsive to market trends will be fully absorbed in the long term. For purposes of the fiscal impact analysis, the focus of TNDG's market research related to housing was on defining realistic price points for the housing densities (and associated product types) envisioned in the General Plan. Again with the conservative orientation in mind, it was important to ensure that the market price assumptions are not overly aggressive (which would tend to overstate the City's property tax revenue).
- With respect to commercial and industrial land uses, the focus of TNDG's market analysis is to identify the potential amounts of development that could be absorbed over the next 20 years (i.e., by the 2035 buildout horizon assumed for residential development). As further described below, TNDG's non-residential market projections are essentially "reality check" comparisons to the maximum development capacities proposed in the General Plan. In this regard, the analysis generally assumes that Costa Mesa's potential for future non-residential development will generally reflect "fair shares" of regional demand based on historic trends, and will also generally mirror local/regional population and employment growth.

Summary of Research by Land Use

Residential Development. TNDG’s market research for residential development focused on estimating average prices for new housing in the City. Three housing categories are considered:

- Low Density (8 DUA maximum) – \$1,200,000
- Medium Density (12 DUA maximum) – \$950,000
- High Density (20 DUA maximum) – \$700,000

The estimated values are for ownership housing and are based on new projects currently selling in the City. Table A-1 provides a summary of this research.

Retail Space. The City has an existing inventory of approximately 8.5 million square feet of retail space. This space supports existing¹ taxable sales of \$3.6 billion per year. Not surprisingly (given the extraordinary concentration of retail sales in the City), taxable sales per capita in Costa Mesa are approximately three times the Statewide average. TNDG’s analysis assumes that Costa Mesa’s retail sales potential will grow in proportion to projected population growth. Since Costa Mesa’s retail facilities attract patronage from a large region, the population growth rate for the analysis reflects a weighted average for Costa Mesa, Orange County and southern California. Based on this relatively conservative methodology (in which increases in retail demand are assumed to be constrained by population growth), TNDG projects that the City could support approximately 678,000 square feet of new retail space by 2035. This would bring the City’s total inventory of retail space (existing plus new) to approximately 9.2 million square feet, representing approximately 81% of the General Plan buildout capacity.

Given Costa Mesa’s well established status as a retail “powerhouse,” it is conceivable that retail development will be added at a rate substantially higher than population growth. However, for purposes of budget forecasting (which is inherently conservative), it would be highly speculative to predict how long it would take for the City to achieve full buildout of its retail development capacity. TNDG has therefore relied on the more conservative projection of new retail space supportable by 2035.

TNDG’s retail demand calculations are shown on Tables B-1 through B-4.

¹ The base year for the retail analysis is 2013 – the latest full year for which taxable sales data are available from the State Board of Equalization.

Office and Industrial Space. TNDG's demand calculations for office and industrial space are provided on Tables C-1 through C-6. The office/industrial demand calculations are based on a top-down methodology whereby TNDG first projected potential demand for Orange County (based on projected employment growth in industry sectors that utilize office and industrial space) and then projected the shares of countywide growth that could potentially be achieved in Costa Mesa.

Costa Mesa has an existing inventory of 7.2 million square feet of office space. Based on TNDG's demand projections, the City could potentially absorb an additional 1.4 million to 2.1 million square feet of office space by 2035. TNDG has assumed the midpoint of this range (approximately 1.75 million square feet) for projection purposes. This would bring the City's total inventory of office space (existing plus new) to approximately 9.0 million square feet, representing approximately 98% of the General Plan buildout capacity.

For industrial development, Costa Mesa has an existing inventory of 12.2 million square feet. Based on TNDG's demand projections, the City could potentially absorb an additional 560,000 to 1.1 million square feet of industrial space by 2035. Based on this projection, TNDG has assumed that the City will buildout its remaining General Plan development capacity of 856,000 square feet (the approximate midpoint of the projected demand range) by 2035. This would bring the City's total inventory of industrial space (existing plus new) to approximately 13.1 million square feet, representing 100% of the General Plan buildout capacity.

Hotel Rooms. The City has an existing inventory of 1,877 hotel rooms. Under the proposed General Plan designations, the buildout capacity hotel facilities in the City would be 2,077 rooms (i.e., an addition of 200 rooms). Based on contemporary sizing standards for full-service hotel facilities, the increment of 200 rooms would essentially represent one new hotel in the City. Although it is beyond the scope of this study to provide a specific forecast of hotel demand (which tends to be somewhat site/project specific), TNDG believes that the incremental hotel demand of 200 rooms (one new hotel) is likely to be highly achievable by the 2035 horizon considered in the FIM. Thus, the FIM assumes that the City will achieve 100% of its hotel development capacity. This assumption is premised on the following indicators of hotel demand strength in the City:

- According to data from Smith Travel Research (a leading provider of hotel market information globally), no new hotels have been constructed in the City since 1989, suggesting that there is likely pent up demand for new facilities.

- Based on the 2014 and 2015 annual reports of the Costa Mesa Conference and Visitor Bureau, hotel occupancy rates in Orange County and Costa Mesa are strong and getting stronger. The City's hotel occupancy rate in 2014 (the year reported in the 2015 report) was approximately 80%. The hotel industry generally regards an occupancy rate above 70% as indicative of pent up demand. That is, hotels can typically operate profitably at an average annual occupancy level of 70%. Thus, existing demand (without even considering potential demand growth) would be sufficient to support additional rooms in the City. The existing occupancy level of 80% (applied to the inventory of 1,877 rooms) translates to demand of approximately 548,000 occupied room nights per year. At the industry standard occupancy level of 70%, this number of room nights could support a total inventory of approximately 2,144 rooms. Thus, TNDG believes that the General Plan development capacity of 2,077 rooms will be readily achievable by 2035.

Please feel free to contact us if you have questions about our market projections.

Table A-1
Sample of Current Housing Projects Used to Estimate Average Price by Density Level
City of Costa Mesa Fiscal Impact Model

Name	Number of Units	Price Low	Price High	Price Midpoint	Price Used in FIM
Low Density Residential					
1053 Regatta Run	1	\$854,900	\$854,900	\$854,900	
1963 Rosemary Pl	1	1,100,000	1,100,000	1,100,000	
2040 Paloma Dr	1	1,425,000	1,425,000	1,425,000	
274 Virginia Pl	1	995,500	995,500	995,500	
262 Esther St	1	1,690,000	1,690,000	1,690,000	
<i>LDR Average</i>		<i>\$1,213,080</i>	<i>\$1,213,080</i>	<i>\$1,213,080</i>	\$1,200,000
Medium Density Residential Units					
Westreef	17	\$800,000	\$800,000	\$800,000	
Easthaven	14	1,000,000	1,100,000	1,050,000	
The Edge	19	806,647	823,389	815,018	
Latitude	11	1,000,000	1,250,000	1,125,000	
312 Nautica Way		949,000	949,000	949,000	
<i>MDR Average</i>		<i>\$911,129</i>	<i>\$984,478</i>	<i>\$947,804</i>	\$950,000
High Density Residential Units					
Seabright	26	\$600,000	\$650,000	\$625,000	
Brickyard West	14	675,000	690,000	682,500	
Maple Crossing	37	675,000	690,000	682,500	
Palmilla	11	675,000	690,000	682,500	
Superior Pointe	49	775,000	790,000	782,500	
Brickyard East	15	575,000	590,000	582,500	
Poet's Place	6	740,000	760,000	750,000	
Seahouse	33	575,000	800,000	687,500	
The Collective Eastside	8	900,000	1,000,000	950,000	
Bungalow 7	30	500,000	650,000	575,000	
City Common	28	700,000	800,000	750,000	
West Place	38	540,000	560,000	550,000	
<i>HDR Average</i>		<i>\$660,833</i>	<i>\$722,500</i>	<i>\$691,667</i>	\$700,000

Source: The Natelson Dale Group, Inc. (TNDG).

Table B-1
Calculation of Current (2013) Per Capita Taxable Sales by Retail Category
California and Costa Mesa

Retail Category	Per Capita Taxable Sales in 2013		2013 Actual/ Expected (Costa Mesa)
	Costa Mesa	California	
Motor Vehicle and Parts Dealers	5,306	1,788	297%
Home Furnishings and Appliance Stores	3,075	668	460%
Bldg. Matrl. and Garden Equip. and Supplies	1,172	780	150%
Food and Beverage Stores	1,269	665	191%
Gasoline Stations	2,349	1,495	157%
Clothing and Clothing Accessories Stores	9,213	918	1003%
General Merchandise Stores	3,700	1,352	274%
Food Services and Drinking Places	3,714	1,651	225%
Other Retail Group	2,651	1,264	210%
Total Retail and Food Services	32,448	10,582	

Source: State Board of Equalization; State Department of Finance; TNDG.

**Table B-2
 Projected Population Growth
 Costa Mesa and Regional Trade Areas
 2013-2035**

	2013	2035	
Population by Year:			
Costa Mesa	111,568	115,959	104%
Orange County	3,087,715	3,434,443	111%
Southern California	18,407,393	21,481,842	117%
Assumed Growth Factors			
City			104%
External Trade Area			115%
Weighted Growth/Projection Factors by Category			
Motor Vehicle and Parts Dealers			111%
Home Furnishings and Appliance Stores			113%
Bldg. Matrl. and Garden Equip. and Supplies			108%
Food and Beverage Stores			109%
Gasoline Stations			108%
Clothing and Clothing Accessories Stores			114%
General Merchandise Stores			111%
Food Services and Drinking Places			110%
Other Retail Group			110%

Source: Southern California Association of Governments (SCAG); TNDG.

Table B-3
Projected Growth in Retail Sales (dollars)
City of Costa Mesa
2013-2035

Future Demand by Category (total taxable sales)	2013	2035	Growth 2013-2035
Motor Vehicle and Parts Dealers	591,944,000	658,668,160	66,724,160
Home Furnishings and Appliance Stores	343,121,000	386,341,095	43,220,095
Bldg. Matrl. and Garden Equip. and Supplies	130,765,000	140,746,023	9,981,023
Food and Beverage Stores	141,609,000	154,641,831	13,032,831
Gasoline Stations	262,069,000	282,923,205	20,854,205
Clothing and Clothing Accessories Stores	1,027,837,000	1,170,678,647	142,841,647
General Merchandise Stores	412,815,000	458,043,441	45,228,441
Food Services and Drinking Places	414,328,000	456,100,878	41,772,878
Other Retail Group	295,712,000	324,460,456	28,748,456
Total Retail and Food Services	<u>3,620,200,000</u>	<u>4,032,603,736</u>	<u>412,403,736</u>

Future Demand Growth (Food sales adjusted to include non-taxable sales)	Growth 2013-2035
Motor Vehicle and Parts Dealers	66,724,160
Home Furnishings and Appliance Stores	43,220,095
Bldg. Matrl. and Garden Equip. and Supplies	9,981,023
Food and Beverage Stores	45,614,908
Gasoline Stations	20,854,205
Clothing and Clothing Accessories Stores	142,841,647
General Merchandise Stores	45,228,441
Food Services and Drinking Places	41,772,878
Other Retail Group	28,748,456
Total Retail and Food Services	<u>444,985,813</u>

Source: TNDG

Table B-4
New Supportable Retail Space (in square feet)
City of Costa Mesa
2013-2035

Sales Per Square Foot Support Factors

Auto Parts Stores	\$250
Home Furnishings and Appliance Stores	\$600
Bldg. Matrl. and Garden Equip. and Supplies	\$300
Food and Beverage Stores	\$500
Clothing and Clothing Accessories Stores	\$600
General Merchandise Stores	\$500
Food Services and Drinking Places	\$600
Other Retail Group	\$500

Additional Supportable Retail Space

Auto Parts Stores	25,584	(1)
Home Furnishings and Appliance Stores	72,033	
Bldg. Matrl. and Garden Equip. and Supplies	33,270	
Food and Beverage Stores	91,230	
Clothing and Clothing Accessories Stores	238,069	
General Merchandise Stores	90,457	
Food Services and Drinking Places	69,621	
Other Retail Group	57,497	
	<u>677,762</u>	

(1) Assumes that auto parts sales account for 9.6% of total Motor Vehicle and Parts sales category.

Source: TNDG

Table C-1
Employment Forecasts by Industry Group
2015-2035
Orange County

Industry Group	2015	2020	2035
Natural Resources, Mining, & Construction	78,438	90,683	116,407
Manufacturing	155,974	152,333	146,300
Wholesale Trade	82,192	91,834	111,129
Retail Trade	150,850	163,187	186,773
Transportation & Utilities	28,614	29,668	31,565
Information	25,164	26,672	29,473
Financial Activities	114,954	127,162	151,247
Professional & Business Services	280,464	318,418	396,117
Educational & Health Services	185,589	207,040	249,876
Leisure & Hospitality	191,432	210,948	249,244
Other Services	44,600	44,600	44,600
Government	147,900	152,363	157,292
Total Nonfarm	1,486,171	1,614,906	1,870,025

Source: The Natelson Dale Group, Inc. (TNDG) based on estimates and forecasts prepared by the California Employment Development Department

Table C-2
Allocation of Employment by Land Use Category
Orange County

Percentage Distribution of Employees by Land Use:

Industry Group	Office Space	Industrial Space	Other	
Natural Resources, Mining, & Construction	20.0%	30.0%	50.0%	100.0%
Manufacturing	0.0%	100.0%	0.0%	100.0%
Wholesale Trade	20.0%	80.0%	0.0%	100.0%
Retail Trade	5.0%	5.0%	90.0%	100.0%
Transportation & Utilities	20.0%	30.0%	50.0%	100.0%
Information	100.0%	0.0%	0.0%	100.0%
Financial Activities	90.0%	0.0%	10.0%	100.0%
Professional & Business Services	50.0%	20.0%	30.0%	100.0%
Educational & Health Services	25.0%	0.0%	75.0%	100.0%
Leisure & Hospitality	5.0%	0.0%	95.0%	100.0%
Other Services	25.0%	50.0%	25.0%	100.0%
Government	0.0%	0.0%	100.0%	100.0%

Source: The Natelson Dale Group, Inc.

Table C-3
Projected Employment by Land Use Category
2015-2035
Orange County

Land Use Category	Employment by Year:		
	2015	2020	2035
Office	381,365	424,380	510,894
Industrial	339,778	356,048	390,457
Other	<u>765,028</u>	<u>834,479</u>	<u>968,673</u>
Total Nonfarm Employment	1,486,171	1,614,906	1,870,025

Source: The Natelson Dale Group, Inc.

Table C-4
Projected Change in Employment by Time Period
2015-2035
Orange County

Land Use Category	Change in Employment by Time Period:	
	2015-2020	2020-2035
Office	43,015	86,515
Industrial	16,269	34,409
Other	<u>69,451</u>	<u>134,194</u>
Total Nonfarm Employment	128,735	255,118

Source: The Natelson Dale Group, Inc.

Table C-5
Projected Demand for New Office/Industrial Space
2014-2035
Orange County

Square Feet per Employee: Office 250
 Industrial 500

Demand in Square Feet (SF)

		2014-2020	2020-2035	Total
Office Demand				
Demand for New Space		10,753,875	21,628,692	32,382,367
Construction Demand @	110%	11,829,043	23,791,561	35,620,604
Net Demand for New Space		11,829,043	23,791,561	35,620,604

Industrial Demand				
Demand for New Space		8,134,584	17,204,690	25,339,275
Construction Demand @	110%	8,948,043	18,925,159	27,873,202
Net Demand for New Space		8,948,043	18,925,159	27,873,202

Construction Demand @ 110% allows for 90% stabilized occupancy rate.

Source: The Natelson Dale Group, Inc.

Table C-6
Projected Demand for New Office/Industrial Space - Costa Mesa
2014-2035

Projection Factors:

Share of Employment, 2012	5.5%
Share of Population, 2012	3.6%
Share of Employment, 2035	4.9%
Share of Population, 2035 (SCAG)	3.4%
Share of Population, 2035 (GP)	3.4%
Share of Employment Growth	2.4%
Share of Population Growth	1.5%
Share of Office Space, 2015	6.4%
Share of Industrial Space, 2015	3.2%
Share of Office + Industrial Space	4.1%

		2014-2020	2020-2035	Total
Office Space @	6.0%	709,743	1,427,494	2,137,236
Office Space @	5.0%	591,452	1,189,578	1,781,030
Office Space @	4.0%	473,162	951,662	1,424,824
Industrial Space @	4.0%	357,922	757,006	1,114,928
Industrial Space @	3.0%	268,441	567,755	836,196
Industrial Space @	2.0%	178,961	378,503	557,464

MEMORANDUM			
TO:	Daniel Inloes, AICP Senior Planner City of Costa Mesa	DATE:	April 7, 2016
FROM:	Roger Dale, Managing Principal The Natelson Dale Group, Inc. (TNDG)	FILE:	#4034
SUBJECT:	Costa Mesa General Plan Update – Summary of Fiscal Impact Model		

The attached report (“User’s Manual”) provides detailed documentation of the Fiscal Impact Model (FIM) that TNDG has developed as part of the General Plan Update process. This memorandum provides an overview of the FIM forecasts and projection methodology.

Executive Summary

The Fiscal Impact Model forecasts changes in the City’s General Fund revenues and costs that will result from future development in the City. The primary purpose of the model is to ensure that the proposed General Plan update will result in a Citywide land use mix that is fiscally balanced for the City. The model can also be used to evaluate the fiscal impacts of individual development projects.

Market Validation of General Plan Land Uses. TNDG has evaluated the fiscal impact of the General Plan based on a horizon year of 2035. For most land uses, TNDG has projected (based on market research summarized in a separate memo) that the City would essentially achieve full buildout of the General Plan development capacity by 2035. However, for retail development, TNDG projects that the City would only achieve 81% of buildout capacity by 2035.

Current General Fund Balance. The current City budget (FY 2015-2016) projects that General Fund appropriations will exceed General Fund Revenues by approximately \$1.6 million, indicating that the General Fund currently has a net negative balance.

Projected General Fund Balance at Buildout. Based on the General Plan land use mix (adjusted, as noted, for retail market constraints), TNDG projects that the General Fund will achieve a surplus of \$2.5 million per year at buildout. This number is projected in constant (2015) dollars (i.e., it reflects “real” dollar increases over and above inflation). Thus, TNDG projects that the proposed General Plan land use mix will have a positive fiscal impact on the City.

Land Use Assumptions

The fiscal projections summarized in this memorandum reflect General Plan buildout, and are based on the following land use, demographic and traffic assumptions:

Land Use	Existing Development	Theoretical Buildout	Market Adjustment Factor	Evaluated Buildout
Low density residential (DU's)	14,210	14,591	100%	14,591
Medium density residential (DU's)	4,370	4,992	100%	4,992
High density residential (DU's)	23,593	27,487	100%	27,487
Age-qualified housing (DU's)	450	450	100%	450
Retail square feet	8,465,000	11,278,000	81%	9,135,180
Office square feet	7,224,000	9,149,000	98%	8,996,020
Industrial square feet	12,222,000	13,078,000	100%	13,078,000
Hotels (rooms)	1,877	2,077	100%	2,077
Motels (rooms)	2,272	946	100%	946
Parks (acres)	592	618	N/A	618

Demographic / Traffic Factors	Existing	Evaluated Buildout
Resident Population ¹	110,524	115,959
Jobs	87,657	97,817
Traffic (Citywide ADT)	928,893	952,905

The "evaluated buildout" numbers reflect reductions in the projected amounts of retail and office development based on market constraints. For example, whereas the theoretical buildout numbers would accommodate 11.3 million square feet of retail space (an addition of 2.8 million square feet over the existing base of 8.5 million square feet), the adjusted buildout number for retail (based on TNDG's market analysis) would be 9.1 million square feet. This adjustment is critical to the reasonableness of the model results since the theoretical buildout

¹ The buildout population of 115,959 residents assumes a residential vacancy rate of 5.14%. At full (100%) occupancy, the City's buildout population would be approximately 122,000 persons. The assumed vacancy factor of 5.14% is based on the current vacancy rate in the City and is consistent with normal housing market conditions.

numbers could potentially overstate retail development (and related sales tax revenue) by approximately 2.2 million square feet.

Fiscal Projections

Based on the above land use, demographic and traffic assumptions, the fiscal forecasts for General Plan buildout are as follows:

General Fund	Existing FY 2015-2016 Budget	Projected Budget at Buildout (2015 \$)	Percentage Change Through Buildout
Total Revenues	\$106.6 million	\$121.7 million	14%
Total Expenditures	\$108.2 million	\$119.2 million	10%
Net Fiscal Balance	-\$1.6 million	\$2.5 million	

After accounting for fund transfers (in and out of the General Fund), the current City budget projects that General Fund appropriations will exceed General Fund Revenues by approximately \$1.6 million², corresponding to the negative “net fiscal balance” shown above. Based on the General Plan land use mix (adjusted, as noted, for market constraints), TNDG projects that the General Fund will achieve a surplus of \$2.5 million per year at buildout. This number is projected in constant (2015) dollars (i.e., it reflects “real” dollar increases over and above inflation). As described further below, the indicated fiscal balance at buildout is based on relatively conservative revenue assumptions.

The attached printout includes selected tables from the General Plan component of the model; these tables summarize the major assumptions utilized to derive the revenue and cost projections. The projection methodology is documented in detail in the attached User’s Manual.

“Per capita” forecasting methodology

As noted on the attached tables, certain revenue and cost line items are projected using a per capita forecasting methodology, based on existing per capita factors derived from the City’s budget. Given that some revenues and costs are affected by both residential and non-residential development, the analysis considers employee and visitor “populations” in addition

² See Table 1 (page 3) of the Adopted Operating & Capital Improvement Budget, Fiscal Year 2015-2016.

to the resident population. For purposes of estimating population “equivalents” the following factors are applied to the employee and visitor populations:

- 1 employee is equivalent to 0.24 full-time residents
- 1 visitor (hotel guest) is equivalent to 0.75 full-time residents

These factors are consistent with generally accepted methodologies for this type of analysis and have been calibrated to Costa Mesa’s budget for purposes of this FIM.

Key Factors Affecting the Fiscal Impact Projections

Conservative Orientation of Projections. In developing the General Plan fiscal impact forecasts, TNDG has endeavored to be conservative from the standpoint of potential budgetary impacts to the City. In this context, “conservative” means that the assumptions are intended to err on the side of under-estimating revenues and over-estimating costs. Key assumptions in this regard include the following:

- The FIM assumes full buildout (by 2035) of the residential development capacity indicated in the General Plan. This assumption is conservative (i.e., errs on the side of overstating fiscal costs) in that it represents that maximum potential impact in terms of population growth and related demands for municipal services.
- The FIM assumes that, by the 2035 horizon year for the analysis, the City will achieve only 81% of the General Plan capacity for retail development. This assumption is based on the focused market analysis (summarized in a separate memorandum) completed by TNDG, which conservatively assumes that growth of the City’s retail base will be constrained by projected population growth in Costa Mesa and the surrounding regional trade area. Given Costa Mesa’s well established status as a retail “powerhouse,” it is conceivable that retail development will be added at a rate substantially higher than population growth. Hypothetically, if the City achieved full buildout of the General Plan’s retail development capacity, it would increase the projected annual surplus by approximately \$10 million (i.e., instead of the projected General Fund surplus of \$2.5 million per year, the General Fund would have a surplus of nearly \$12.5 million per year). However, for purposes of budget forecasting, it would be highly speculative to predict how long it would take for the City to achieve full buildout of its retail development capacity. TNDG has therefore relied on the more conservative projection of new retail space supportable by 2035.

- The FIM reflects relatively conservative assumptions regarding future growth in the City's assessed valuation (the basis for property tax calculations). Two major factors will contribute to future increases in the assessed valuation: 1) new development, and 2) periodic ownership changes of existing properties (allowing the sold properties to be re-assessed pursuant to Proposition 13 provisions).

For new housing development, TNDG believes that the FIM's assumed valuations are relatively conservative (sales prices ranging from \$700,000 for new high-density units to \$1.2 million for new low density units).

With respect to assessed value changes resulting from property turnovers, TNDG has assumed that 7% of properties will change ownership annually and that these turnovers will result in the sold properties being re-assessed at valuations 3% higher than their pre-sale (i.e., Proposition 13-restricted) assessed values.

Overall, the growth in total (Citywide) property tax revenue between now and buildout translates to an average annual growth rate of 1.3% (this is a "real" rate of increase over and above inflation). In comparison, the real average annual growth rate of the City's property tax revenue for the 16-year period between FY 1998-1999 and FY 2014-2015 was 2.6%. Thus, at approximately half the historic growth rate, the FIM projections are relatively conservative (which TNDG believes is appropriate for budgeting purposes given potential volatility in real estate prices).

One-time Budget Adjustments. Whereas most of the revenue and cost projections represent continuations of existing "trend lines" (adjusted as appropriate for changes in development, population, etc.), two key cost factors reflect major one-time shifts based on changing circumstances in the future:

- The model includes a cost adjustment of \$4.1 million to cover anticipated increases in the City's retirement (pension) obligations. This is assumed to be an annually-recurring additional cost.
- By buildout, the model assumes that the City's annual debt service costs will be reduced by \$3.7 million. This cost reduction reflects retirement of debt obligations between now and buildout.

Memorandum to Daniel Inloes
April 7, 2016
Page 6

Please feel free to contact us if you have questions or would like to discuss any aspect of the Fiscal Impact Model.

Table 1
FY 2015 Data Inputs
City of Costa Mesa Fiscal Impact Model

Population Factors	
Low Density Residential	3.187
Medium Density Residential	2.300
High Density Residential	2.300
Age Qualified Housing	2.300
Vacancy Rate	5.14%

City of Costa Mesa Assessed Valuation¹	\$16,540,841,000
--	-------------------------

Property Tax Revenue Factors	
Property Tax Rate (City's Share) ²	0.146536051
New Low Density Residential Value ⁴	\$1,200,000
New Medium Density Residential Value ⁴	\$950,000
New High Density Residential Value ⁴	\$700,000
New Age Qualified Housing Value ⁴	\$500,000
New Retail Space (AV/Sq. Ft.) ⁴	\$200
New Office Space (AV/Sq. Ft.) ⁴	\$150
New Industrial Space (AV/Sq. Ft.) ⁴	\$100
New Hotel Space (AV/Room) ⁴	\$100,000
New Motel Space (AV/Room) ⁴	\$50,000

New Taxable Sales Rates	
General Commercial ⁴	\$400.00
Regional Commercial ⁴	\$600.00
Retail ⁵	\$497.81
Office ⁴	\$0
Industrial ⁴	\$15.00

Property Transfer Tax Revenue Factors	
Property Transfer Tax Rate	0.055%
Property Turnover Rate	7.000%

Transient Occupancy Tax Revenue Factors	
Visitors per Room ³	1.75
Motel Occupancy Rate ³	40.0%
Hotel Occupancy Rate ³	75.0%
Motel Room Rate ³	\$50.00
Hotel Room Rate ³	\$150.00

Source: (1) Orange County Assessor, Annual Roll; (2) City of Costa Mesa, Finance Department; (4) TNDG.

Notes: (2) Property Tax Rate is the average rate of all the tax rate areas in the City.
 (3) Estimate based on current transient occupancy tax levels.
 (4) Estimate based on current assessed value and sales tax totals.
 (5) Weighted Average

Table 2
Existing Land Uses by Category
City of Costa Mesa Fiscal Impact Model

Current Year Population³	110,524
Average LDR Persons per DU ²	3.19
Average MDR Persons per DU ²	2.30
Average HDR Persons per DU ²	2.30
Average AQH Persons per DU ³	2.30
Current Year Employees⁴	87,657

	Units/SF/Rooms¹	Existing Assessed Value Factors²	Existing Sales Tax Factors²
Residential			
Low Density Residential	14,210	\$330,000	
Medium Density Residential	4,370	\$288,000	
High Density Residential	23,593	\$288,000	
Age Qualified Housing	450	\$250,000	
Subtotal, Residential	42,623		
Commercial			
General Commercial	4,325,000	\$115	\$400.00
Regional Commercial	4,140,000	\$115	\$600.00
Retail	8,465,000	\$115	\$497.81
Office	7,224,000	\$90	\$0
Industrial	12,222,000	\$75	\$15.00
Subtotal, Commercial	27,911,000		
Overnight Lodging			
Hotel Rooms	1,877	\$100,000	
Motel Rooms	2,272	\$50,000	
Subtotal, Overnight Lodging	4,149		
Parks (Acres)	592		
Landscaped Medians (Acres)	12		

Source: (1) MIG Consulting; (2) TNDG; (3) California Department of Finance, E-5 Population Tables; (4) Southern California Association of Governments, Local Area Profiles.

Notes: (2) Estimates based on current population, assessed value, and sales tax totals.

Table 3
Derivation of Other Revenue Projection Factors
City of Costa Mesa Fiscal Impact Model

City of Costa Mesa Population	110,524
City of Costa Mesa, Daytime Employee Population	87,657
City of Costa Mesa, Overnight Lodging Visitor Population	1,314
Employee Weighting Factor	0.24
Visitor Weighting Factor	0.75
Effective Daytime Employee Population	21,038
Effective Overnight Lodging Visitor Population	985

Budget Category	Citywide GF Budget FY 2014/15	Allocation Basis¹	Relevant Population	Per Capita Revenue
Electric Franchise Fee	\$1,272,000	R+E+V	132,547	\$9.60
Cable Television Franchise Fee	\$1,300,000	R	110,524	\$11.76
Gas Franchise Fee	\$250,000	R+E+V	132,547	\$1.89
Solid Waste Hauler Franchise Fee	\$1,945,000	R+E+V	132,547	\$14.67
Business License	\$954,000	E	87,657	\$10.88
Licenses and Permits	\$139,100	R	110,524	\$1.26
Fines and Forfeitures	\$1,190,000	R+E+V	132,547	\$8.98
Use of Money and Property	\$276,300	NO CHANGE PROJECTED		
Fees and Charges	\$2,027,600	R	110,524	\$18.35
Other Government Agencies	\$1,045,300	R	110,524	\$9.46
Other Revenues	\$787,300	NO CHANGE PROJECTED		

Table 4
Derivation of Projection Factors for Police Protection Costs
City of Costa Mesa Fiscal Impact Model

City of Costa Mesa Population	110,524
City of Costa Mesa, Daytime Employee Population	87,667
City of Costa Mesa, Overnight Lodging Visitor Population	2,904
Employee Weighting Factor	0.24
Visitor Weighting Factor	0.75
Effective Daytime Employee Population	21,038
Effective Overnight Lodging Visitor Population	2,178

<u>Budget Category</u>	<u>Citywide GF Budget FY 2015</u>	<u>Allocation Basis</u>	<u>Relevant Population</u>	<u>Per Capita Cost</u>
Police Protection	\$41,016,560	R+E+V	133,740	\$306.69

Table 5
Derivation of Projection Factor for Parks & Community Services Costs
City of Costa Mesa Fiscal Impact Model

City of Costa Mesa Population	110,524
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<u>Budget Category</u>	<u>Citywide GF Budget FY 2015</u>	<u>Allocation Basis</u>	<u>Relevant Population</u>	<u>Per Capita Cost</u>
Total Parks & Community Services Budget	\$4,958,298			
Less: recreation fees and facility rentals	<u>(4,021,300)</u>			
Net City cost	\$936,998	R	110,524	\$8.48

Table 6
Derivation of Projection Factors for Development Services Costs
City of Costa Mesa Fiscal Impact Model



City of Costa Mesa Population	110,624
City of Costa Mesa, Daytime Employee Population	87,657
City of Costa Mesa, Overnight Lodging Visitor Population	2,904
Employee Weighting Factor	0.24
Visitor Weighting Factor	0.75
Effective Daytime Employee Population	21,038
Effective Overnight Lodging Visitor Population	2,178

Budget Category	Citywide GF Budget FY 2015	Allocation Basis	Relevant Population	Per Capita Cost
TOTAL GENERAL FUND EXPENDITURES				
Development Services Administration	\$645,891			
Planning				
Planning	1,627,661			
Planning Commission	27,600			
Building Safety				
Code Enforcement	879,310			
Building Safety	2,025,030			
OFFSETTING REVENUES				
Fire Permits	(106,000)			
Building Permits	(1,460,000)			
Electrical Permits	(227,000)			
Plumbing/Mechanical Permits	(279,800)			
Street Permits	(269,800)			
Zoning/Variance/CUP Fees	(147,500)			
Subdivision/Map Fees	(31,100)			
Environmental Impact Fees	(29,000)			
Plan Checking Fee	(408,000)			
HOME/CDBG Funds (1)	338,902			
NET DEVELOPMENT SERVICES COST	\$2,586,394	R+E+V	133,740	\$19.34

(1) HOME/CDBG funding in excess of current year Housing & Community Development budget.

Table 7
Derivation of Projection Factors for Fire Protection Costs
City of Costa Mesa Fiscal Impact Model

Occupancy Type	Existing Number of Units, SF, or Rooms	Number of Incidents per Year	Incidents per Unit
Single Family Unit	17,766	2,328	0.1310
Multi-Family Unit	25,304	2,294	0.0907
Retail (in 000's)	9,456	774	0.0818
Office (in 000's)	7,429	439	0.0591
Industrial (in 000's)	12,352	201	0.0163
Overnight Lodging	4,123	445	0.1078
Total		6,481	
<i>Fire Department 2015 Budget</i>		\$20,379,286	
Total Incidents per Year		6,481	
Cost per Incident		\$3,145	

Table 8
Estimate of Existing (2015) Traffic Trips by Land Use
City of Costa Mesa Fiscal Impact Model

Land Use Category	Development Units (2015)	ADT/Unit (2015)	2015 ADT	Total for General Plan Land Uses
Low Density Residential	14,210	9.52	135,290	138,917
Medium Density Residential	4,370	8.09	35,349	40,380
High Density Residential	23,593	6.65	156,896	182,792
Age Qualified Housing	450	3.44	1,548	1,548
Retail (000's square feet)	9,741	40.75	396,954	372,266
Office (000's square feet)	7,224	11.42	82,489	102,381
Industrial (000's square feet)	13,087	6.97	91,217	91,154
Hotel Rooms	1,877	8.17	15,335	16,969
Motel Rooms	2,272	5.63	12,793	5,327
Institutional	N/A	N/A	N/A	N/A
Parks (acres)	592	1.90	1,122	1,171
Other	N/A	N/A	N/A	N/A
Total Trips			928,993	952,905

Table 9
Public Services Expenditures
City of Costa Mesa Fiscal Impact Model

Budget Category	Citywide Budget FY 2015	Projection Basis	Number of Units	Percentage/ Per Unit Costs	
Administration	\$1,139,355	% Factor	N/A	8.55%	
Engineering	2,184,274	Per Capita (R+E+V)	133,740	\$16.33	
Transportation	2,027,273	Per Traffic Trip	928,993	\$2.18	
Maintenance Services	11,299,619				
Administration	288,016	% Factor	N/A	2.84%	
Parkway & Median Maintenance	868,040	Per Acre	12	\$72,337	
Park Maintenance	3,120,565	Per Acre	592	\$5,271	
Streets	1,294,758	Per Traffic Trip	928,993	\$1.38	
Graffiti Abatement	190,289	Per Capita (R+E+V)	133,740	\$1.42	
Storm Drain Maintenance	97,816	Percentage Input	N/A	1.0%	See Table DI-7
Signs and Markings	524,329	Percentage Input	N/A	1.0%	See Table DI-7
Facility Maintenance	1,555,672	Percentage Input	N/A	1.0%	See Table DI-7
Fleet Services	3,360,135	Percentage Input	N/A	1.0%	See Table DI-7
Total Public Services Expenditures	\$16,650,521				

Table 10
Administrative and Overhead Expenditures
City of Costa Mesa Fiscal Impact Model

Budget Category	Citywide Budget FY 2015
City Council	\$378,408
CEO's Office	7,872,268
Finance	2,843,051
City Attorney's Office	1,000,000
Information Technology	3,328,366
Non-Departmental	11,231,747
Total Administrative/Overhead Functions	\$26,653,840
Other General Fund Expenditures	\$81,569,759
Percentage of Administrative/Overhead Costs of Total General Fund	32.68%

Table 11
Existing and Projected Citywide Development by Land Use
City of Costa Mesa Fiscal Impact Model

	Existing	Theoretical Buildout	Market Adjustment Factor	Evaluated Buildout	Percentage Change Through Buildout
Residential (Dwelling Units)					
Low Density Residential ¹	14,210	14,591	100%	14,591	3%
Medium Density Residential ¹	4,370	4,992	100%	4,992	14%
High Density Residential ¹	23,593	27,487	100%	27,487	17%
Age Qualified Housing ¹	450	450	100%	450	0%
Subtotal, Residential	42,623	47,520		47,070	10%
Commercial (Square Feet)					
Retail ¹	8,465,000	11,278,000	81%	9,135,180	8%
Office ¹	7,224,000	9,149,000	98%	8,966,020	24%
Industrial ¹	12,222,000	13,078,000	100%	13,078,000	7%
Subtotal, Commercial	27,911,000	33,505,000		31,179,200	12%
Overnight Lodging (Rooms)					
Hotels ¹	1,877	2,077	100%	2,077	11%
Motels	2,272	946	100%	946	-58%
Subtotal, Overnight Lodging	4,149	3,023		3,023	-27%
Parks (Acres) ¹	592			618	4%
Landscaped Medians (Acres) ²	12			12	0%
Population:					
Residents ³	110,524			115,959	5%
Employees ⁴	87,657			97,817	12%
Overnight Lodging Visitors (average daily) ²	4,831			3,167	-34%
Total Population Equivalent ²	135,185			141,810	5%
Traffic (Citywide ADT) ¹	928,993			952,905	3%

Source: (1) MIG Consulting; (2) TNDG; (3) California Department of Finance, E-5 Population Tables; (4) Southern California Association of Governments, Local Area Profiles.

Notes: (2) Hotel visitor totals are estimated by current transient occupancy tax levels in the City.

Table 12
Existing and Projected General Fund Budgets
City of Costa Mesa Fiscal Impact Model

General Fund	Existing Budget FY 2015	Projected Budget at Buildout	Percentage Change Through Buildout
Revenues			
Property Tax	\$24,051,900	\$31,568,494	31%
Property Tax in lieu of MVL	9,567,500	12,460,925	30%
Property Transfer Tax	621,700	844,177	36%
Transient Occupancy Tax	8,107,500	7,990,116	-1%
Sales and Use Tax	52,862,000	56,326,653	7%
Electric Franchise Fee	1,303,800	1,428,064	10%
Cable Television Franchise Fee	1,315,700	1,445,120	10%
Gas Franchise Fee	252,200	276,664	10%
Solid Waste Hauler Franchise Fee	2,167,900	2,357,790	9%
Business License Fees	943,900	1,054,437	12%
Licenses and Permits *	139,100	152,966	10%
Fines and Forfeitures	1,190,000	1,306,238	10%
Use of Money and Property *	276,300	276,300	0%
Fees and Charges *	2,027,600	2,229,543	10%
Other Government Agencies	1,045,300	1,149,408	10%
Other Revenues	787,300	787,300	0%
Total Revenues	\$106,659,700	\$121,654,196	14%
Expenditures			
Police Protection	\$41,016,560	\$44,986,394	10%
Fire Protection	20,379,286	22,061,619	8%
Public Services	16,650,521	18,607,886	12%
Parks & Community Services **	936,998	1,030,321	10%
Development Services **	2,586,394	2,836,733	10%
Overhead and Administration	26,653,840	29,252,636	10%
Incremental Retirement Obligations	-	4,122,416	N/A
Reduction in Debt Service	-	(3,738,618)	N/A
Total Expenditures	\$108,223,599	\$119,159,386	10%
Net Fiscal Balance	(\$1,563,899)	\$2,494,810	

* The amounts for these line items have been adjusted to exclude revenues that are cost-recovery fees and/or facility rental income (see Table DI-2).

** The amounts for these line items have been adjusted to exclude costs that are directly offset by user fees and/or facility income (see Table DI-4).

PH-1

RECEIVED
CITY CLERK

16 APR 11 AM 10:37

CITY OF COSTA MESA
BY (SR) COURT-CR

To: Mrs. Brenda Green, City Clerk
RE: Planning Commission 04/11/16
Public Hearing, item 1

Date: 04/11/2016

I am filing an objection to the above item. The comments and public input is, according to your documents, open for one more week. I question the ability to cut short the time for residents to make comments and submit emails and letters. Hopefully, this was a typographical error and will be corrected, forthwith.



Sincerely,

Mary Spadoni
2474 Orange Avenue
Costa Mesa, CA 92627

PH-1

2442 Andover Place
Costa Mesa, CA 92626
April 11, 2016

TO: ROBERT L. DICKSON, JR. Chair, Costa Mesa Planning Commission
JEFF MATHEWS, Vice Chair, Costa Mesa Planning Commissioner
STEPHAN ANDRANIAN, Costa Mesa Planning Commissioner
COLIN MCCARTHY, Costa Mesa Planning Commissioner
TIM SESLER, Costa Mesa Planning Commissioner

As per Page 9 of the Planning Commission's agenda for tonight's meeting, I read, "The Draft EIR and Technical Appendices will be available for review and comment for 45 [forty-five] days commencing March 4, 2016 at 8:00 am and ending on April 18, 2016 at 5:00 pm.

Costa Mesa's Office of the City Clerk provided me with a CD that has the large PDF of the Proposed General Plan, the Draft EIR and all Technical Appendices. I was intending to further study this material and submit comments all during this coming week.

On Page 14 of tonight's agenda, I read "...Costa Mesa Planning Commission hereby recommends...PASSED AND ADOPTED this 11th day of April, 2016."

I request that you not pass Item 1 of tonight's agenda. Please respect the citizens of Costa Mesa by following the letter of the law and providing us with the full 45-day period in which to submit our comments.

Respectfully submitted,



Flo Martin,
49-year resident of Costa Mesa, CA

Received
City of Costa Mesa
Development Services Department

APR 11 2016

PH-1

COLGAN, JULIE

Subject: Costa Mesa Planning Commission - April 11, 2016 agenda, Public Hearing Item No. 1

From: Cynthia McDonald [<mailto:cmcdonald.home@gmail.com>]

Sent: Monday, April 11, 2016 10:26 AM

To: GREEN, BRENDA <brenda.green@costamesaca.gov>

Subject: Costa Mesa Planning Commission - April 11, 2016 agenda, Public Hearing Item No. 1

I hereby object to a hearing being held on Public Hearing Item No. 1 on the agenda for the April 11, 2016 Planning Commission meeting. This item incorrectly states that the Planning Commissioners will be voting to send the Draft Environmental Impact Report ("DEIR") to the City Council, however the comment period for the DEIR has not lapsed and written comments can still be submitted. The Planning Commission cannot take action until the comment period has lapsed and all comments have been submitted. Further, the agenda states that the Planning Commissioners can recommend that the City Council adopt the General Plan. That cannot happen because we do not have a final EIR yet.

Thank you for your consideration.

Cynthia McDonald
1181 Atlanta Way
Costa Mesa, CA 92626
(714) 549-5884

PH-1



www.kennedycommission.org
17701 Cowan Ave., Suite 200
Irvine, CA 92614
949 250 0909
Fax 949 263 0647

April 11, 2016

Chair Robert L. Dickson, Jr. and Planning Commissioner Members
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

Received
City of Costa Mesa
Development Services Department

APR 11 2016

RE: Draft Environmental Impact Report (EIR) for 2015-2035 General Plan

Dear Chair Dickson and Planning Commission Members:

The Kennedy Commission (the Commission) is a broad based coalition of residents and community organizations that advocates for the production of homes affordable for families earning less than \$20,000 annually in Orange County. Formed in 2001, the Commission has been successful in partnering and working with jurisdictions in Orange County to create effective policies that has led to the new construction of homes affordable to lower income working families. As the City moves forward with the Draft Environmental Impact Report (DEIR) for the 2015-2035 General Plan, the Commission urges the City to consider the following:

1. Prioritize the development of affordable homes by including an additional land use alternative that specifically supports and encourages the development of homes affordable to lower income working households.
2. Re-classify the findings under Population/ Housing Impacts 4.13B and 4.13C regarding the displacement of existing housing and residents from "less than significant impact" to "potentially significant impact" necessitating the construction of replacement housing. The DEIR should be re-evaluated to acknowledge that the General Plan amendments do propose policies that **will** result in the displacement of substantial numbers of existing housing and numbers of people, necessitating the construction of replacement housing elsewhere in the City. While the proposed land use changes do not authorize a specific construction project, the proposed changes allows for development incentives that encourages future developments to occur. These future developments can potentially result in significant and direct impacts.

According to the DEIR, the proposed land use changes were identified as less than significant due to the "... likelihood that motels being used as housing would be removed is speculative, and ... the potential for a 'substantial number of people' being displaced is speculative."¹ However, the likelihood of removing motels that are currently being used as long term housing in the City is **not** speculative. The potential for a substantial number of tenants being displaced is **not** speculative. The proposed conversion of the Costa Mesa Motor Inn (CMMI) to multi-family residential development and the displacement of many lower income long term tenants at the CMMI is currently happening. In addition,

¹ Draft Environmental Report for the City of Costa Mesa's Year 2015-2035 General Plan, p. 4.13-10, March 2016.

the City also acknowledges and anticipates the implementation of the proposed land uses will be utilized to reduce specific uses such as motels citywide.²

The City should re-evaluate the potential significant impacts on motel tenants who would be displaced from proposed market-rate residential developments. Generally, motels provide last resort affordable housing for many lower income households and proposed market-rate residential developments will displace many at-risk families and lead them to homelessness. According to the DEIR, the report states:

“... because any specific property redevelopment would occur in the future, the specific number of person using that particular motel for long-term occupancy is not known at this time. The type of residential development that would replace existing commercial uses, including motels, is also unknown, but could include new commercial uses, including hotel or motel uses, or new residential development that includes affordable housing which, based on the densities, could accommodate and encourage development of housing for low-income persons.”³

Redevelopment of specific projects will certainly happen in the future but the City already has one specific example of a proposed development, the CMMI, that is currently benefitting from the development incentives (i.e., change in land-use and increase in density) provided by the Residential Incentive Overlay. The type of residential development replacing the CMMI will be 224 unit apartment complex at a site specific density of 54 du/ac, which notably is significantly higher than the Overlay’s density of 40 du/ac. While the specific number of long-term occupants are not known at this time for future developments, the City has already identified that there are approximately 160 occupied rooms at the CMMI and of that, 49 rooms are occupied by 66 long-term residents.⁴ Because the proposed development includes zero units affordable to the lower income tenants who currently live in the CMMI, all these existing tenants will be displaced, including the 49 rooms that have been identified and grandfathered as long-term tenants.

The DEIR identifies that the proposed amended Land Use Plan could increase residential development in the Focus Areas by 4,040 units.⁵ Of that total, 3,062 units have allowable densities of 40 du/ac which can accommodate the development of affordable housing.⁶ However, default densities of 30 du/ac and greater do not necessarily produce homes that are affordable to lower income working households. The proposed development at the

² Notice of Preparation City of Costa Mesa General Plan Amendment Program EIR, City of Costa Mesa, p. 4, November 16, 2015.

³ Draft Environmental Report for the City of Costa Mesa’s Year 2015-2035 General Plan, p. 4.13-9, March 2016.

⁴ City Council Agenda Report: General Plan amendment GP-14-04/ Rezone R-14-04/ Zoning Code Amendment CO-14-02/ And Master Plan PA-14-27 For Costa Mesa Apartments at 2277 Harbor Boulevard, City of Costa Mesa, p. 5, November 3, 2015.

⁵ Draft Environmental Report for the City of Costa Mesa’s Year 2015-2035 General Plan, p. 4.13-6, March 2016.

⁶ Draft Environmental Report for the City of Costa Mesa’s Year 2015-2035 General Plan, p. 4.13-6, March 2016.

CMMI is a cautionary example of project utilizing the Residential Overlay and not producing affordable homes.

The proposed development at the CMMI benefitted from the residential overlay and development incentives (i.e., change in land-use and increase in density) and did not set aside any homes that would be affordable to lower income households. While 20 units will be set-aside for moderate income families, the proposed rents, \$1,600 - \$1,800 are out-of-reach and not affordable to current CMMI tenants or potential lower income tenants in the City.

- 3. Fairview Developmental Center:** Reinstate the General Plan land use overlay at the Fairview Developmental Center site that allows a development capacity of 1,000 du at a maximum density of 40 du/acre (not the currently proposed 500 du at 25 du/ac) as identified in the City Council/ Planning Commission Joint Study Session on September 8, 2015. Considering the state is requiring a set-aside for the developmentally disabled, the site presents the greatest potential and opportunity for the development of affordable homes. The State Department of General Services (DGS) also submitted a letter that was submitted to the Costa Mesa City Council on October 6, 2016, stating “**The state requests that the City include the 20 acres specified in SB 82 in the general plan update allowing a maximum of up to 40 units per acre...**” It is clear that DGS supports a maximum density of 40 du/ac at the Fairview site.

The density of 40 du/ac is also consistent to the other proposed residential incentive overlays along Harbor Boulevard, Newport Boulevard and SoBECA. At 40 du/ac versus 25 du/ac, the site will construct more units that will generate more rent subsidies/ revenue needed for the developmentally disabled households living at the Fairview Developmental Center. By decreasing the density to 25 du/ac versus 40 du/ac, the potential value of the center also decreases.

In addition, the City should conduct a financial analysis regarding the feasibility of proposing an affordable housing development at a lower density versus a higher density to be better informed as to which densities would facilitate a more successful development.

- 4. South Harbor Boulevard Mixed-Use:** Approve the Harbor Mixed-Use Overlay that allows a maximum residential density of 20 du/ac **ONLY IF** new residential developments proposed in the overlay set-aside 20 percent of homes as affordable to lower income working households.

5. **Sakioka Site 2:** Approve a General Plan land use overlay at Sakioka Site 2 that allows a maximum residential density at 80 du/acre for up to 660 units **ONLY IF** new residential developments proposed at the site set-aside 20 percent of homes as affordable to lower income working households. In the City's 2014-2021 Housing Element, the Sakioka Site 2 was identified a potential opportunity site for the development of homes affordable to lower income households.⁷
6. **Harbor & Newport Boulevard Residential Overlay:** Approve a residential incentive overlay that includes new high density residential uses of up to 40 du/acre along Harbor Boulevard and Newport Boulevard **ONLY IF** new residential developments proposed in the overlay set-aside 20 percent of homes as affordable to lower income working households. In addition, motels located in the overlay should not be included unless any future/new residential developments that are proposed on these sites dedicate at least 20 percent of the homes to lower income working households.
7. **SoBECA Overlay:** Approve a maximum of 450 units at a density of 40 du/acre at the SoBECA Urban Plan Area **ONLY IF** new residential developments proposed in the overlay set-aside 20 percent of homes as affordable to lower income working households.
8. Conduct a study to evaluate the economic impacts of the proposed development incentives (i.e., land use changes/ rezoning and density increases) in the "focus areas."
9. Collaborate with the Costa Mesa Affordable Housing Coalition and community stakeholders to develop effective land use changes and residential incentive overlays in the General Plan Update that will increase affordable home opportunities for lower income working households.

Please keep us informed of any updates to the City's General Plan Update and if you have any questions, please feel free to contact me at (949) 250-0909 or cesarc@kennedycommission.org.

Sincerely,



Cesar Covarrubias
Executive Director

cc: Kathy Esfahani, Costa Mesa Affordable Housing Coalition

⁷ Housing Element for the Costa Mesa General Plan 2013-2021, p. 56, January 21, 2014.



PLANNING COMMISSION SUPPLEMENTAL MEMORANDUM

MEETING DATE: APRIL 11, 2016

ITEM NUMBER: PH-1

SUBJECT: 2015-2035 GENERAL PLAN AND DRAFT ENVIRONMENTAL IMPACT REPORT
(DEIR) - SCH# 2015111068

DATE: APRIL 11, 2016

FROM: PLANNING DIVISION/DEVELOPMENT SERVICES DEPARTMENT

PRESENTATION BY: MINOO ASHABI, PRINCIPAL PLANNER AND MIG *MA*

FOR FURTHER INFORMATION CONTACT: MINOO ASHABI, PRINCIPAL PLANNER
(714) 754-5610 minoo.ashabi@costamesaca.gov

The purpose of this supplemental memorandum is to provide an updated memo from The Natleson Dale Group Inc. replacing the first 6 pages of the "Summary of Fiscal Impacts Model" included as Attachment 3 of the Staff Report.

Distribution: Director of Economic & Development Services/Deputy CEO
Senior Deputy City Attorney
Public Services Director
City Engineer
Transportation Services Manager
Fire Protection Analyst
File (2)

MEMORANDUM			
TO:	Daniel Inloes, AICP Senior Planner City of Costa Mesa	DATE:	April 8 ⁷ , 2016
FROM:	Roger Dale, Managing Principal The Natelson Dale Group, Inc. (TNDG)	FILE:	#4034
SUBJECT:	Costa Mesa General Plan Update – Summary of Fiscal Impact Model		

The attached report (“User’s Manual”) provides detailed documentation of the Fiscal Impact Model (FIM) that TNDG has developed as part of the General Plan Update process. This memorandum provides an overview of the FIM forecasts and projection methodology.

Executive Summary

The Fiscal Impact Model forecasts changes in the City’s General Fund revenues and costs that will result from future development in the City. The primary purpose of the model is to ensure that the proposed General Plan update will result in a Citywide land use mix that is fiscally balanced for the City. The model can also be used to evaluate the fiscal impacts of individual development projects.

Market Validation of General Plan Land Uses. TNDG has evaluated the fiscal impact of the General Plan based on a horizon year of 2035. For most land uses, TNDG has projected (based on market research summarized in a separate memo) that the City would essentially achieve full buildout of the General Plan development capacity by 2035. However, for retail development, TNDG projects that the City would only achieve 81% of buildout capacity by 2035.

Current General Fund Cash Flow Balance. ~~The current City budget (FY 2015-2016) projects that General Fund appropriations will exceed General Fund Revenues by approximately \$1.6 million, indicating that the General Fund currently has a net negative balance. During FY 2014-2015, the City’s general fund had a \$3.6 million surplus (i.e., revenues exceed expenditures by \$3.6 million)¹.~~

Projected General Fund Cash Flow Balance at Buildout. Based on the General Plan land use mix (adjusted, as noted, for retail market constraints), TNDG projects that the General Fund will

¹ Per the Comprehensive Annual Financial Report (CAFR) dated June 30, 2015. FY 2014-2015 is the latest year for which “actual” historic data are available.

achieve a surplus of \$2.5 million per year at buildout. This number is projected in constant (2015) dollars (i.e., it reflects “real” dollar increases over and above inflation). Thus, TNDG projects that the proposed General Plan land use mix will have a positive fiscal impact on the City.

Land Use Assumptions

The fiscal projections summarized in this memorandum reflect General Plan buildout, and are based on the following land use, demographic and traffic assumptions:

Land Use	Existing Development	Theoretical Buildout	Market Adjustment Factor	Evaluated Buildout
Low density residential (DU's)	14,210	14,591	100%	14,591
Medium density residential (DU's)	4,370	4,992	100%	4,992
High density residential (DU's)	23,593	27,487	100%	27,487
Age-qualified housing (DU's)	450	450	100%	450
Retail square feet	8,465,000	11,278,000	81%	9,135,180
Office square feet	7,224,000	9,149,000	98%	8,996,020
Industrial square feet	12,222,000	13,078,000	100%	13,078,000
Hotels (rooms)	1,877	2,077	100%	2,077
Motels (rooms)	2,272	946	100%	946
Parks (acres)	592	618	N/A	618

Demographic / Traffic Factors	Existing	Evaluated Buildout
Resident Population ²	110,524	115,959
Jobs	87,657	97,817
Traffic (Citywide ADT)	928,893	952,905

² The buildout population of 115,959 residents assumes a residential vacancy rate of 5.14%. At full (100%) occupancy, the City's buildout population would be approximately 122,000 persons. The assumed vacancy factor of 5.14% is based on the current vacancy rate in the City and is consistent with normal housing market conditions.

The “evaluated buildout” numbers reflect reductions in the projected amounts of retail and office development based on market constraints. For example, whereas the theoretical buildout numbers would accommodate 11.3 million square feet of retail space (an addition of 2.8 million square feet over the existing base of 8.5 million square feet), the adjusted buildout number for retail (based on TNDG’s market analysis) would be 9.1 million square feet. This adjustment is critical to the reasonableness of the model results since the theoretical buildout numbers could potentially overstate retail development (and related sales tax revenue) by approximately 2.2 million square feet.

Fiscal Projections

Based on the above land use, demographic and traffic assumptions, the fiscal forecasts for General Plan buildout are as follows:

General Fund	Existing FY 2014-2015 Actual Budget	Projected Budget at Buildout (2015 \$)	Percentage Change Through Buildout
Total Revenues	\$ 113.0 106.6 million	\$121.7 million	8 14%
Total Expenditures	\$ 109.4 108.2 million	\$119.2 million	9 10%
Net Fiscal <u>Cash</u> <u>Flow Balance</u>	\$ 3.6 -\$1.6 million	\$2.5 million	

After accounting for fund transfers (in and out of the General Fund), the current City budget projects that General Fund appropriations will exceed General Fund Revenues by approximately \$1.6 million³, corresponding to the negative “net fiscal balance” shown above. During FY 2014-2015, the City’s general fund had a \$3.6 million surplus (i.e., revenues exceed expenditures by \$3.6 million). Based on the General Plan land use mix (adjusted, as noted, for market constraints), TNDG projects that the General Fund will achieve a surplus of \$2.5 million per year at buildout. This number is projected in constant (2015) dollars (i.e., it reflects “real” dollar increases over and above inflation). As described further below, the indicated General Fund cash flow~~fiscal balance~~ at buildout is based on relatively conservative revenue assumptions.

³ See Table 1 (page 3) of the Adopted Operating & Capital Improvement Budget, Fiscal Year 2015-2016.

The attached printout includes selected tables from the General Plan component of the model; these tables summarize the major assumptions utilized to derive the revenue and cost projections. The projection methodology is documented in detail in the attached User's Manual.

"Per capita" forecasting methodology

As noted on the attached tables, certain revenue and cost line items are projected using a per capita forecasting methodology, based on existing per capita factors derived from the City's budget. Given that some revenues and costs are affected by both residential and non-residential development, the analysis considers employee and visitor "populations" in addition to the resident population. For purposes of estimating population "equivalents" the following factors are applied to the employee and visitor populations:

- 1 employee is equivalent to 0.24 full-time residents
- 1 visitor (hotel guest) is equivalent to 0.75 full-time residents

These factors are consistent with generally accepted methodologies for this type of analysis and have been calibrated to Costa Mesa's budget for purposes of this FIM.

Key Factors Affecting the Fiscal Impact Projections

Conservative Orientation of Projections. In developing the General Plan fiscal impact forecasts, TNDG has endeavored to be conservative from the standpoint of potential budgetary impacts to the City. In this context, "conservative" means that the assumptions are intended to err on the side of under-estimating revenues and over-estimating costs. Key assumptions in this regard include the following:

- The FIM assumes full buildout (by 2035) of the residential development capacity indicated in the General Plan. This assumption is conservative (i.e., errs on the side of overstating fiscal costs) in that it represents that maximum potential impact in terms of population growth and related demands for municipal services.
- The FIM assumes that, by the 2035 horizon year for the analysis, the City will achieve only 81% of the General Plan capacity for retail development. This assumption is based on the focused market analysis (summarized in a separate memorandum) completed by TNDG, which conservatively assumes that growth of the City's retail base will be

constrained by projected population growth in Costa Mesa and the surrounding regional trade area. Given Costa Mesa's well established status as a retail "powerhouse," it is conceivable that retail development will be added at a rate substantially higher than population growth. Hypothetically, if the City achieved full buildout of the General Plan's retail development capacity, it would increase the projected annual surplus by approximately \$10 million (i.e., instead of the projected General Fund surplus of \$2.5 million per year, the General Fund would have a surplus of nearly \$12.5 million per year). However, for purposes of budget forecasting, it would be highly speculative to predict how long it would take for the City to achieve full buildout of its retail development capacity. TNDG has therefore relied on the more conservative projection of new retail space supportable by 2035.

- The FIM reflects relatively conservative assumptions regarding future growth in the City's assessed valuation (the basis for property tax calculations). Two major factors will contribute to future increases in the assessed valuation: 1) new development, and 2) periodic ownership changes of existing properties (allowing the sold properties to be re-assessed pursuant to Proposition 13 provisions).

For new housing development, TNDG believes that the FIM's assumed valuations are relatively conservative (sales prices ranging from \$700,000 for new high-density units to \$1.2 million for new low density units).

With respect to assessed value changes resulting from property turnovers, TNDG has assumed that 7% of properties will change ownership annually and that these turnovers will result in the sold properties being re-assessed at valuations 3% higher than their pre-sale (i.e., Proposition 13-restricted) assessed values.

Overall, the growth in total (Citywide) property tax revenue between now and buildout translates to an average annual growth rate of 1.3% (this is a "real" rate of increase over and above inflation). In comparison, the real average annual growth rate of the City's property tax revenue for the 16-year period between FY 1998-1999 and FY 2014-2015 was 2.6%. Thus, at approximately half the historic growth rate, the FIM projections are relatively conservative (which TNDG believes is appropriate for budgeting purposes given potential volatility in real estate prices).

One-time Budget Adjustments. Whereas most of the revenue and cost projections represent continuations of existing "trend lines" (adjusted as appropriate for changes in development,

population, etc.), two key cost factors reflect major one-time shifts based on changing circumstances in the future:

- The model includes a cost adjustment of \$4.1 million to cover anticipated increases in the City's retirement (pension) obligations. This is assumed to be an annually-recurring additional cost.
- By buildout, the model assumes that the City's annual debt service costs will be reduced by \$3.7 million. This cost reduction reflects retirement of debt obligations between now and buildout.

Please feel free to contact us if you have questions or would like to discuss any aspect of the Fiscal Impact Model.

PH-1



Building Industry Association of Southern California, Inc. ORANGE COUNTY CHAPTER

April 11, 2016

Chair Robert Dickson and Planning Commission Members
City of Costa Mesa Planning Commission
77 Fair Drive
Costa Mesa, CA 92626

RE: COMMENTS ON THE GENERAL PLAN AND DRAFT ENVIRONMENTAL IMPACT REPORT (DEIR)

Dear Chair Dickson and Planning Commission Members:

The Building Industry Association of Southern California, Orange County Chapter (BIA/OC) is a non-profit trade association of over 1,100 companies employing over 100,000 people affiliated with the home building industry. The Orange County Chapter represents the largest member base within BIA Southern California. Our mission is to champion housing as the foundation of vibrant and sustainable communities.

As a key stakeholder in Orange County, the BIA/OC would like to offer our support for the City's General Plan update. In reviewing the document, we are pleased to see the environmentally positive land use elements being contemplated within this plan. Adding more housing in centrally located Costa Mesa, close to jobs and essential services, will help in balancing Orange County's jobs to housing ratio, assist in alleviating traffic, and contribute to State mandated environmental and regional planning policies.

Over the next 25 years, the Southern California Association of Governments (SCAG) predicts a population increase of 400,000 residents in Orange County. Additionally, according to a recent report by the California Legislative Analyst's Office, Orange County needs an additional 7,000 homes per year to meet demand. State wide, that number increases to a staggering 100,000 homes. By considering reasonable higher density housing, Costa Mesa will be adequately prepared to absorb this influx and contribute to the overall housing stock of the County and the State.

PRESIDENT
JIM YATES
RANCHO MISSION VIEJO

VICE PRESIDENT
PHIL BODEM
TAYLOR MORRISON

TREASURER
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TRADE CONTRACTOR V.P.
ALAN BOUDREAU
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SCOTT STARKEY
STARKEY COMMUNICATIONS

CHIEF EXECUTIVE OFFICER
MICHAEL BALSAMO

24 Executive Park, Suite 100
Irvine, California 92614
949.553.9500 | biaoc.com

As always, we remain a resource to the City on important issues that are related to the well-being of our local communities.

Thank you for your time and thoughtful consideration.

Respectfully,



Michael Balsamo
Chief Executive Officer

Received
City of Costa Mesa
Development Services Department

APR 11 2016