ANAHEIM, CALIFORNIA
CITY COUNCIL REGULAR ADJOURNED AUGUST 8, 2006 MEETING and REGULAR MEETING OF AUGUST 22, 2006

The August 8, 2006 regular adjourned City Council meeting was called to order on August 22, 2006 at 2:35 P.M. in the Council Chambers of Anaheim City Hall, 200 South Anaheim Boulevard.

PRESENT: Council Members: Richard Chavez, Lorri Galloway, Bob Hernandez and Harry Sidhu. Mayor Pringle arrived during the workshop presentation.

STAFF PRESENT: Assistant City Manager Tom Wood, City Attorney Jack White, and City Clerk Sheryll Schroeder.

A copy of the agenda for the August 22nd meeting was posted on August 18, 2006 at the City Hall exterior bulletin board.

WORKSHOP – AFFORDABLE HOUSING STRATEGIC PLAN UPDATE

Joel Fick, Deputy City Manager, shared the accomplishments of the Affordable Housing Strategic Plan; a four year plan which exceeded State mandated housing goals and requirements of the Redevelopment Plan. He stated Anaheim was the only city in Orange County to have established a target goal of this level for affordable rental housing as well as being the only Orange County city to have established a policy to commit 30 percent of available redevelopment tax increment to providing affordable housing. He pointed out one of the actions on this agenda was to consider an amendment to the redevelopment plan to extend the life of the project areas for an additional 10 years and to formally commit 30 percent of available redevelopment funds for low and moderate income housing. In the new plan, 85 percent would be required to be spent on low and very low income households and if approved, the extension would add an estimated $85 million of new money for a total of $185 million of available funding for affordable housing over the life of the project. In addition, he stated, focusing available staff resources and funding for the construction of new rental units, as compared with the construction of new ownership units or the rehabilitation of housing units also represented major policy shifts last year. The goals included 1,200 new affordable rental family housing units over the four years, establishment of zoning and building practices enhancing the development of additional affordable housing, providing additional staffing support, having the development of affordable housing to be a priority for community development, and exploring additional funding.

PRODUCTION – Addressing this topic, Ms. Stipkovich described projects tied to selected developers reporting the City had negotiated for over 661 units: 1) Mercy Housing on Vine Street took advantage of the affordable rental housing ordinance and reflected 60 units for very low and low incomes, all affordable; 2) the Broadway Village project on Broadway east of East Street was 46 units, had recently been allocated tax credits from the state, and currently had no assistance by the City or Redevelopment Agency, however it was anticipated the developer would request some assistance; 3) the recently approved 52 unit Elm Street project were for all low or very low incomes and was a reclassification with a conditional use permit approved by the Planning Commission. She added Council had approved the development agreement and a request was into the state for the current round of tax credit funding. 4) Jamboree Diamond Street, another recently approved project, was for 25 special needs units, all low and very low incomes using the density bonus law;

5) Jamboree was also working on the Crescent Street project of 63 units, all affordable reflecting a tax credit deal using the density bonus; 6) the City was currently negotiating with Jamboree on Glen Oaks for 60 units, anticipated at 100 percent affordable. 7) In addition, ASHA was the nonprofit group the City was working with, currently managing the Lincoln Inn and hoping to work on a project to turn the Inn into 76 affordable units for low and very low income; and 8) CIM was under construction, with the first building, Broadway Arms reflecting 20 percent leased and at 100 percent moderate income, with no additional housing money assistance.

Council Member Chavez asked if the Broadway Arms were at market rate and Ms. Stipkovich replied they were not deed restricted, however, the rents were equivalent to moderate income level, pointing out the City was allowed to count these under normal circumstances under the Housing Element. Council Member Chavez objected, stating the rents were not guaranteed through deed restriction and could accelerate immediately and was not in favor of using this development in the calculations for affordable housing.

PROJECTS IN PROCESS - Ms. Stipkovich provided a map showing several properties owned by the City and ready to be advertised through a Request for Proposal (RFP) process. Other properties, also shown, had some sewer capacity and other problems, but were ready for the RFP process. Some other properties designated on the map were close to being ready for the RFP process, but still had some property needing acquisition. She reported the CHOC site wherein the City acquired additional property contained four acres and should accommodate somewhere around 155 units, with the assumption it would be split between low and very low incomes. The Manchester site, an Orange County Transportation Authority (OCTA parcel) should provide 72 units using underlying zoning with no density bonus and another site assuming low and very low incomes was Rio Lumber, on Santa Ana between Olive and Philadelphia. She pointed to a site on Anaheim Boulevard at Midway where the City owned one parcel on one side of the street, and was negotiating swapping an adjacent parcel with property the City owns on the opposite side of the street to make a larger parcel for development of 72 units. Staff was also working on acquiring parcels to make up eight acres on the Kwikset site with the assumption it would be 25 percent affordable.

All of those sites described and identified by Ms. Stipkovich, including the CIM project for moderate incomes, would provide 491 units in the very low category, 252 in the low and 541 in the moderate category for a total number of 1,284 units, all in varying stages of development but anticipated to be completed in the four year time frame.

POTENTIAL PROJECTS - Under potential projects not counted in the totals at this time was a parcel partially owned by the Agency on Lincoln and East with two adjacent parcels owned by Bill Taormina which had the potential for a 72 unit affordable project. Ms. Stipkovich indicated the City was also in the process of acquiring land on Anaheim Boulevard between South and Water Streets and would like to combine that with a nearby property to come up with a much better site for development in the future, a potential of 62 units.

Ms. Stipkovich commented that under redevelopment law, when a project was built within a project area, the City was required to have a certain percentage affordable, usually 15 percent and 30 percent if the City constructed the project. She added the current requirement for redevelopment for all of the merged project areas was 127 units with the accomplishment during that same time frame being 1,999 units. She emphasized the way Housing Community Development (HCD) counts those units was not a one for one count. If an affordable unit was built inside a project area, it was counted as one unit and if it was built outside a project area, it reflected a two for one count

so the adjusted number given by the State credited Anaheim with 1,705 units. She stated the Housing Element short term goal was for 2,858 units in the affordable categories pointing out that under the Housing Element, the state looked at the initial rent or initial purchase price to determine whether it counted toward affordability. She indicated by adding all the units that had already been built with the 1,284 units designated by the Strategic Plan, the City would exceed the mandated numbers by 858 units.

For Council's information, a comparative analysis of other Orange County cities responding to a survey, reflected Anaheim had a total of 1,761 units in 2005/06 and Irvine, the next highest, with 743 units. In addition, Anaheim received funding for 19 tax credits from 1987 to 2005, for over 2,063 100 percent affordable units, while Santa Ana had 1,440 and Irvine had 1,235. In this current round of tax credit funding, she remarked, Anaheim has four projects submitted for approval and the only other project from Orange County was from Yorba Linda. She emphasized the City had a good track record with the State and had been proactive in receiving and assisting developers in getting tax credits.

Council Member Chavez asked of the 19 projects related to tax credits which translated to 2,063 units, how many of those reflected new family rental units; Ms. Stipkovich responded there were 60.

RESOURCES - Ms. Stipkovich explained the City sought other financing and funding to maximize monies available for affordable housing. In 2005/06, $46,666,000 was received and the City expended almost $39 million with the balance rolling over to the next year. This year over $35,699,000 was projected for receipt and the City anticipated spending $31 million. She noted the City also planned on applying for state programs such as BEGIN, HOME and MHP monies as well as any other affordable housing funding available through County and Federal programs. Ms. Stipkovich also provided details on the total redevelopment budget and explained how the thirty percent setaside was derived. She noted while the total Agency budget was $99 million, the 30 percent reflected the tax increment source of funding only. The remaining funds were utilized for capital projects and property acquisitions.

Council Member Sidhu asked for clarification on two slides, one quoting 70 percent increment and the other quoting 100 percent increment. She clarified the differences, noting that the $46,666,000 included other sources of money, not just set-aside money.

Council Member Chavez remarked it appeared the overwhelming amount of redevelopment money was going to economic development with about $10 million of that money going to affordable housing. With an annual budget of $99 million, only $10 million was going to affordable housing. She clarified that the 30 percent was of the tax increment source of money, they also used bond proceeds money, it also has sale of land revenue and other revenue which was not subject to the 30 percent set-aside.

The regular session of the August 22, 2006 Anaheim City Council meeting began at 3:00 P.M.

ECONOMIC FACTORS - Ms. Stipkovich pointed out this was an unusual year for the Agency as it was borrowing money on a short term loan to purchase the Olive Street site which would be paid off in the following fiscal year. She then listed the market conditions to which all projects were subjected, such as land value, development costs, interest rates, developer return requirement, and developer fees. On the plus side of the column were the sources available to make those projects affordable such as tax credit programs, bond financing, County funding programs, the

density bonus program, and whether the City contributed land for the development on a ground lease basis. She added a land write-down analysis was done for the Elm, Crescent and Diamond projects to determine a cost per unit. On Vine Street there was little additional subsidy and the estimated cost per unit for the Agency was $40,333. For Elm Street that cost per unit due to EPA funds needed for remediation purposes was $62,500. She added this was an attempt to help think through the process and eventually simplify the process by coming up with a formulaic basis for new projects. She commented that the nine percent tax credit was a limiting resource and future projects would look towards other methods to determine how much subsidy the City would have to provide for affordable homes.

Shari Vander Dussen, Planning Director, stated the Strategic Plan contained four initiatives that the Planning Department was pursuing. The intent was to create policies and regulations that would achieve results and staff had worked closely with stakeholders, including non-profit housing developers, for-profit housing developers, advocates, motel owners and others to insure that the regulations and strategies would be useful incentives. She explained the goal was to create incentives so the private sector could build units with very little or no subsidy with the City providing subsidy instead through density and other land use concessions. Last year the state significantly reduced the amount of affordable units a developer must provide in order to receive a density bonus and required cities to provide a prescribed number of development incentives or code waivers depending on the level of affordability that would be proposed and also imposed new statewide parking standards consistent with the current affordable housing ordinance. She noted that even though the regulations offered more incentives for a lesser level of affordability, it had not resulted in the development of affordable units in Anaheim without additional subsidies. Ms. Vander Dussen informed Council the Planning Commission recently recommended approval of a new density bonus ordinance wherein developers could select from a broad list of specified development incentives or code waivers, and when this list of incentives was used, the affordable housing project would be able to proceed as “by right projects” needing no conditional use permit and no public hearing with the Planning Commission. She commented eliminating the public hearing was a large incentive for the developers and the administerial process would save time and money.

Mayor Pringle said he understood that currently the highest density was 36 dwelling units per acre and asked what that density would be under the new ordinance; Jonathan Borregos responded it would be 48 units to the acre with a 35 percent density bonus which was also applied to the mixed use designation and in that case, would reflect 60 units to the acre and with the 35 percent density bonus would be up to 81 units to the acre.

Council Member Chavez asked what the density was inside the Platinum Triangle; Mr. Borregos responded it was 100 dwelling units per acre.

Council Member Sidhu asked for parking requirement details under the new density bonus and Mr. Borregos, after researching that issue, returned to Council workshop with information that State mandated parking standards for a studio and one bedroom units was one parking space and for two or three bedroom units, was two parking spaces and 2.5 spaces for 4-bedroom units. Council Member Sidhu, taking those requirements into consideration, asked how high the structures would be with density bonuses allowing more density on a one acre lot. He assumed developers would request high elevations to accommodate the increased density. The response was given that zoning provided for height limit restrictions, however, builders could request deviations from those limits. Council Member Sidhu asked that the proposed density bonus ordinance cover this issue and have certain height restrictions in place. Ms. Vander Dussen indicated the density bonus

would be considered by Council in late September but that staff would continue to explore additional incentives.

She commented one of the more creative efforts was the development of the affordable housing overlay zone, looking at under utilized commercial properties or transitional industrial areas for residential uses. She noted the overlay zone could also be applied to proposals that were designating lower density residential use and in exchange for the opportunity to build at a higher density; the developer would make a portion of those units affordable. She explained staff had identified several properties of about 200 acres which could qualify for an overlay zone but was still researching impacts of how this zone could influence the market and that the results of the analysis would be available sometime in September. Research currently indicated increasing the permitted density would not be enough of an incentive to encourage the development of rental units so staff was exploring additional incentives from a land use perspective that would cause the market to actually build affordable units and was meeting with builders on this issue. Staff was hoping to conclude the work with developers and have a draft ordinance to Council in early 2007.

Ms. Vander Dussen was cognizant of opposition received from the community facing affordable housing within or near existing neighborhoods and indicated staff would ensure there were requirements in place for professional on-site management and for well designed projects which had proven successful.

Mayor Pringle asked if projects were allowed by right and state law required on-site management of 16 units or more was it possible to have a development of eight units receive a density bonus and construct 15 units and then not be required to have on-site management. Ms. Vander Dussen indicated that could happen but the City required an affordable housing agreement and that was where a condition for on-site management could be placed.

Mayor Pringle asked what the action would be if terms of the agreement were violated; Mr. White responded it would be treated as a breach of contract and the City could enforce the need for on-site management. The Mayor pointed out that under a traditional conditional use permit, there were greater degrees of enforceability; Ms. Vander Dussen responded that specific concern would be considered and when the ordinance was presented to Council, staff would be prepared to respond to all concerns stated.

Council Member Sidhu asked if a property owner with eight units could apply the overlay to his property and make it 100 percent affordable and now be able to construct 48 units. Ms. Vander Dussen indicated there were a number of sites being considered which would have to be approved by Council and that staff was still in the process of working out criteria with respect to how many of the units they would construct would have to be affordable. Developers were also being surveyed to see how many units could be provided without having a City subsidy, other than density and land use incentives. Council Member Sidhu recommended looking at whether height restrictions were needed for some of the properties.

Mayor Pringle stated he was a believer in city planning and in creating affordable housing opportunities in underutilized areas. He recognized the difficulties in finding specific areas for adding affordable housing units yet not changing the total general plan designations or the character of existing neighborhoods.

Ms. Vander Dussen addressed motel conversion reporting that creating additional rental units with this strategy was proving challenging. She stated motels were lucrative businesses and it had

been difficult to identify any incentives which would encourage the conversion of motels to affordable units and that the owners were not interested in becoming landlords and preferred being innkeepers. By converting to affordable units, the owners would be required to upgrade their properties, reduce the number of units and provide some units at rents that were affordable which was not an attractive proposition to them. She added there could also be problems associated with making the facilities conform to ADA and other building code provisions which would reduce the owners' cash flows. She added members of the motel task force believe motels do represent an important form of transitional housing for people on the brink of homelessness and many of the long-term motel residents were comfortable with this type of living arrangement and did not want to move.

She reported one area of successful implementation had occurred when the department implemented an expedited process for affordable housing developments last fall involving all of the City departments and had several developers take advantage of the process. In addition, the Strategic Plan had called for the establishment of a motel families or homeless coordinator position which resulted in an individual being hired in January of this year. She detailed the duties and responsibilities of that position.

Council Member Sidhu asked if staff had looked into making it easier for motel owners to convert the properties into condominium units with an affordable housing component and Ms. Vander Dussen replied it had been discussed but pointed out most of the motel units were not suitable for condominium units without significant improvements. Discussion was held on the merits of rental versus for sale condominiums for motel conversions.

Council Member Galloway emphasized that motel units did provide a certain amount of affordable housing and reducing those numbers would exacerbate the lack of affordable housing. She added there was a unique population that used the motels and unless a way was found to replace those units, she recommended no changes be made.

Council Member Chavez thanked staff for the report and their efforts throughout this last year. He mentioned that the Strategic Plan update did not address the loss of affordable units, such as the 40 Imperial Terrace units and the 60 mobile home units on Haster, near the freeway. Mayor Pringle confirmed that the Strategic Plan, in addition to the 1,284 required units, was to also address the loss of any existing affordable housing. Council Member Chavez reiterated his concern with using market rate developments in the count of affordable housing as the rent of those units was not controlled.

Council Member Hernandez discussed federal mandates for ADA requirements and believed the City should be sensitive in providing for affordable units to individuals with disabilities, emphasizing the construction cost would be less expensive if consideration was given in the design phase to accommodate disabilities. He asked for information as to what federal requirements would be related to ADA and a cost estimate of how much more dollars were needed to address that issue.

Council Member Galloway congratulated staff on finding potential sites. She recognized this was the first year of trying to meet the goals of the Strategic Plan remarking staff and the development community were learning in the process, however, in future years, she expected to be further along in meeting the plan goals. She felt if there was a maximum amount of guaranteed funding known to be available, the process would be expedited and the City would know the exact cost of providing those units.

Mayor Pringle stated he would like to explore maximizing the incentives with the number of dollars available. Ms. Stipkovich indicated staff was trying to come up with some formulas that would work to make it easier for developers to know what the subsidy range could be under certain circumstances.

Council Member Chavez envisioned basic parameters of up to a certain number of dollars per unit, with developers justifying their costs and a staff person overseeing the expenditures.

Mayor Pringle emphasized when the City was proactive in purchasing property, it gave the City greater control as to where projects could be placed and recommended more proactive thinking as to where there was value and an opportunity to acquire land for this purpose.

ADDITIONS/DELETIONS TO CLOSED SESSION: None

PUBLIC COMMENTS ON CLOSED SESSION ITEMS: None

CLOSED SESSION

1. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**
   (Subdivision (a) of Government Code Section 54956.9)
   Name of case: City of Anaheim v. Angels Baseball, LP, et al., Orange County Superior Court Case No. 05CC01902.

2. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
   Property: 610 South Olive Street, Anaheim, California
   Agency negotiator: Lisa Stipkovich
   Negotiating parties: Anaheim Redevelopment Agency and CP/HERS Anaheim L.P.
   Under Negotiation: price and terms

Council session was reconvened at 5:10 P.M.

Invocation: Judith Afsahi, Bahai Local Spiritual Assembly of Anaheim

Flag Salute: Council Member Hernandez

Presentations: Recognizing the Community Emergency Response Team (CERT) Graduates
Michele Rivard introduced volunteers of the 16th and 17th CERT graduating .

Recognizing the North Anaheim Little League on being the City of Anaheim Champions in the District 46 Tournament of Champions - Council paid tribute to the tournament champions.

Acceptance of Other Recognitions (To be presented at a later date):

Proclaiming September 8, 2006, as Developmental Disabilities Day

Proclaiming September 3, 2006 as MDA Day – Fernando Negrete, Firefighters Association accepted the proclamation and announced the AFA would be collecting donations for the annual Fill the Boot event to benefit MDA on August 27, 2006 at Harbor and Katella.

Proclaiming September as Childhood Cancer Awareness Month – Jaclyn Sullivan accepted the proclamation on behalf of her youngest brother, a cancer victim and asked for the City's support in promoting awareness of the disease.

Recognizing City of Anaheim Police Officers honored by the American Legion Auxiliary

At 5:35 P.M., Mayor Pringle called to order the Anaheim Redevelopment Agency.

ADDITIONS/DELETIONS TO ANY OF THE AGENDAS:

PUBLIC COMMENTS (ALL MATTERS EXCEPT PUBLIC HEARINGS):

Council Member Galloway announced email received from William Fitzgerald accused Council of consistently violating his right to freedom of speech. She corrected this statement emphasizing Mr. Fitzgerald used his right to come to the podium and speak on any topic just as any other individual had the right to do, even if comments made were libelous and slanderous.

Charles Ahlers, Convention, Sports and Entertainment Department, spoke in favor of the amendment to the Resort Specific Plan, remarking that the mix of high-end condominiums and luxury hotels would help further the development and the care and feeding of the hotel business.

William Fitzgerald, Anaheim HOME, took exception to Council's interpretation of remarks he had made during public comments.

Lynn Manuel, resident, complained of nuisance problems resulting from Cuban Pete's, a club on Ball Road. Her complaints were lack of parking as well as early morning disturbances as patrons returned to their vehicles. Mayor Pringle referred Ms. Manuel to Bill Sell of the Community Preservation Office for assistance and asked the Assistant City Manager to provide a report to Council on this matter.

Tony Siragusa, President of Anaheim Hills Rotary Club, asked for the public's support, announcing the Rotary Club, as ambassadors of good will, would fly children who lost parents in the Iraq or Afghanistan war to visit Disneyland in December.

Roy Jefferson remarked the rotary club was sponsoring the 2nd Annual Anaheim Hills Music Festival on Saturday, September 2nd, at Oak Canyon Nature Center as a fund-raising event and asked the community to support their efforts.

Bill Wright, Simmons Avenue resident, commented on the overflow parking causing a problem in his neighborhood. He indicated surrounding neighborhoods had restricted parking which caused those residents to park on Simmons. Mr. Wright submitted a petition from 29 Simmons Avenue

residents describing those impacts and asked Council for assistance. Mayor Pringle stated a new policy addressing spillover parking was on the agenda this evening as Council had directed staff to focus on this specific issue.

Bob Altman, Simmons Avenue resident, reiterated some of the nuisances occurring on Simmons as a result of the spillover parking.

At 6:00 P.M., with no other comments offered, Mayor Pringle recessed the Anaheim Council meeting to consider the Redevelopment Agency consent calendar, reconvening the Council session at 6:43 P.M. for the Joint Agency/Council public hearings to consider extending the time limits on plan effectiveness and repayment of indebtedness and receipt of tax increment revenues for Redevelopment Agency projects.

JOINT PUBLIC HEARINGS:

3. A Joint Public Hearing to consider the proposed amendments to extend the time limits on plan effectiveness and the repayment of indebtedness and receipt of tax increment revenues by ten years for the Redevelopment Plans for the Alpha, River Valley, Plaza, Commercial/Industrial, and Brookhurst portion of the West Anaheim Commercial Corridors Redevelopment Projects and the proposed amendment to the Agency's 2005-2009 Implementation Plan along with other determinations related to these proceedings.

Mayor Pringle stated this was a joint public hearing of the City Council and the Redevelopment Agency to consider the proposed amendments to extend the time limits of the redevelopment plans and the repayment of indebtedness and receipt of tax increment revenues by ten years for the Redevelopment Plans for the Alpha, River Valley, Plaza, Commercial/Industrial, and Brookhurst portion of the West Anaheim Commercial Corridors Redevelopment Projects and the proposed amendment to the Agency's 2005-2009 Implementation Plan along with other determinations related to the proceedings. He indicated a transcript would be made of the public hearing, any speakers would be subject to questions through the Chair and all persons desiring to speak would be given an opportunity to do so. He identified the order of procedure for the hearing adding that following the introduction of all evidence and testimony, the hearing would be closed.

Elisa Stipkovich, Community Development Director, reported the following documents would be provided as a part of the record of the joint public hearing: 1) an affidavit of publication of notice of the joint public hearing of proposed amendments which were published pursuant to the California Health and Safety Code; 2) a certificate of mailing notice of the joint public hearing on the proposed amendment to each assessee of land and occupant in the merged redevelopment project area shown on the last equalized assessment role; 3) a certificate of mailing of the joint public hearing on proposed amendment to the California Dept of Finance, the California Housing and Community Development and the governing body of each taxing entity that received taxes from the property in the merged project area; 4) an affidavit of posting notice of the joint public hearing in four permanent locations within Anaheim merged redevelopment project area for a period of three consecutive weeks pursuant to the California Health and Safety Code; 5) a report from the Agency to City Council including affirmation of existing environmental compliance and amendment to the 2005-2009 Implementation Plan; 6) a supplement to report to Council; 7) an amendment to the restated redevelopment plan for the Anaheim merged redevelopment project area which included amendments to the specific redevelopment plans.

Ms. Stipkovich announced this joint hearing would consider the plan amendments to extend the five project areas already identified. She noted under SB 211, the effectiveness of redevelopment plans created before December 1, 1993 were allowed to be extended by 10 years and that five of the City's individual project areas, prior to when they were merged, were eligible to be extended. She noted the time frames ranged from 2010 to 2029 and if approved under the proposed amendment, would be extended from 2020-2039. An extension of time, she stated, was needed to achieve the goals set by the Agency and Council and a report to Council had designated those significant redevelopment activities to be accomplished which included but were not limited to the elimination of blight, both physical and economic, an increase in the development of affordable housing, business attraction and retention, rehabilitation of deteriorated or obsolete structures and improvements to infrastructure and public facilities.

Ms. Stipkovich remarked that although Council and the Agency had allocated 30 percent of tax increment funds to low/moderate housing, if approved, the Agency would be required to fund 30 percent of tax increment for housing and in addition, 85 percent of those funds must be used for low and very low income projects. She added any moderate income projects funded must also have a 49 percent low and very low income component.

Ms. Stipkovich verified the economic impact of the extension, which would increase tax increment for low and moderate income to $85.5 million net present value or $261 million whole dollars. Other taxing entities would receive over $65 million in whole dollars and $6.6 million net present value. The net increment to the general redevelopment fund would be $213.4 million, $37.9 million in net present value.

Ms. Stipkovich also noted that due to a concern by one of the property owners in Alpha project area, staff requested certain properties not be subject to the amendment. Those properties were referenced as parcels: 34436109, 34407206, 34407102, 34436105, 34407207, 34436203, 34407101and 34407211.

Mayor Pro Tem Chavez announced any written comments received on the proposed amendments would be placed into the record as Exhibit 8 at this time. Ms. Stipkovich reported there were two letters, one from the Orange County Water District dated August 16, 2006 which provided clarification to the report to the Agency and Council related to injection well technology and was not in opposition to the amendments. The other letter was from counsel to the County Board of Education dated August 21, 2006 on behalf of the Orange County Department of Education that was also not an objection but a clarification on issues the District had with the way the agreements were calculated.

Mayor Pringle opened the public hearing and asked for comments at this time.

Virginia Grebbien, General Manager of Orange County Water District (OCWD), reiterated her agency was not in opposition to the amendments but that her Board of Directors asked her to express a concern as to how the OCWD property was characterized in the report. She stated OCWD owned 1,300 acres in the project area used for replenishing the groundwater basin in Orange County which supplied two-thirds of the water supply in the County making OCWD water rates more cost effective. She indicated that was accomplished by taking a large volume of water off the Santa Ana River and replacing it into the groundwater basin thru percolation. She added Anaheim was geologically unique in that there was an open pipeline from the surface down into the groundwater basin. She noted OCWD was working on research into well injection technology but

still had a long way to go before that process could be implemented and it was necessary to continue to utilize the percolation process.

Mayor Pringle asked if injection wells had been used elsewhere and was it accepted by the State. Ms. Grebbien stated it was accepted in Orange County but the difference was in the quality of water. She explained the Santa Ana River water had high silt content and a method of removing that silt cost effectively had not yet been developed. Mayor Pringle remarked he would like to maximize the use of the OCWD land along the 91 freeway, including beautification efforts; Ms. Grebbien indicated the Board of Directors understood the City's concern. Agency Member Chavez, an OCWD board member, added the OCWD board had become more interested in insuring those land areas were beautified and were also open to other potential uses.

William Fitzgerald, representing Anaheim HOME, stated the residents of HOME objected to the proposed plan amendment in its entirety remarking it was not a public benefit to extend the project areas by ten years. He alluded to misuse of redevelopment law to raise funds for political elections and voiced a number of allegations related to political donations. Mayor Pringle requested Mr. Fitzgerald keep his comments to the proposed amendments identified in the Joint Public Hearing; Mr. Fitzgerald protested the interruption and continued his comments on matters unrelated to the hearing matter.

With no other oral testimony offered, Mayor Pringle closed the hearing.

Council Member Sidhu moved to approve Resolution No. 2006-191 and introduce Ordinance No. 6034, seconded by Council Member Chavez.

RESOLUTION NO. 2006-191 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM MAKING CERTAIN FINDINGS UNDER CEQA RELATING TO THE AMENDMENT OF THE ANAHEIM MERGED PROJECT AREA THROUGH AMENDMENTS TO THE CONSTITUENT EXISTING REDEVELOPMENT PLANS FOR THE ALPHA, RIVER VALLEY, PLAZA, COMMERCIAL/INDUSTRIAL, AND A PORTION OF THE WEST ANAHEIM REDEVELOPMENT PROJECTS.

ORDINANCE NO. 6034 (INTRODUCTION) AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ANAHEIM APPROVING AND ADOPTING THE AMENDMENTS TO THE REDEVELOPMENT PLANS FOR THE ALPHA, RIVER VALLEY, PLAZA, COMMERCIAL/INDUSTRIAL, AND A PORTION OF THE WEST ANAHEIM REDEVELOPMENT PROJECTS.

Roll call vote: Ayes - 5; Mayor Pringle, Council Members: Chavez, Galloway, Hernandez and Sidhu. Noes - 0. Motion carried.

At 6:43 P.M., Mayor Pringle adjourned the Anaheim Redevelopment Agency to consider the Council consent calendar.

CONSENT CALENDAR:

Mayor Pringle removed Item No's. 9, 10, 11, 12 and 17 from the consent calendar. With the consent of Council, Mayor Pringle continued Item 39 to September 12th agenda. Council Member

Sidhu pulled Item No's. 13 and 27 and Council Member Hernandez removed Item No's. 15, 19, 24 and 27 and indicated he would abstain on Item No. 20.

Council Member Chavez moved to approve the balance of the Consent Calendar and to waive reading in full of all ordinances and resolutions and to approve the following in accordance with the reports, certifications and recommendations furnished each Council Member and as listed on the Consent Calendar, seconded by Council Member Sidhu. Roll call vote: Ayes - 5; Mayor Pringle, Council Members: Chavez, Galloway, Hernandez and Sidhu. Noes - 0. Motion carried.

4. Reject certain claims filed against the City.

5. Receive and file the Monthly Financial Analysis presented by the Finance Director for ten months ended April 30, 2006.

6. Receive and file the meeting minutes of the Housing and Community Development Commission meetings of July 5, 2006 and August 9, 2006, and Deferred Compensation Committee minutes of April 12, 2006.

7. Award the contract to the lowest responsible bidder, Topline Construction, Inc., in the amount of $971,000, and approve and authorize the Finance Director to execute the Escrow Agreement pertaining to contract retentions for the Riverdale Park Tot Lot Renovation and Sports Field Lighting and Canyon Rim Sports Field Lighting project.

8. Award the contract to the lowest responsible bidder, Nobest, Inc., in the amount of $584,940, and approve and authorize the Finance Director to execute the Escrow Agreement pertaining to contract retentions for the Presidential Tract Sidewalk Improvement project.

14. Approve Amendment No. 1 to the agreement with Turner Construction Company for consultant services to provide additional owner representative services for the West Anaheim Youth Center/Police Station project at an additional cost of $94,752.

15. Approve and authorize the Director of Public Works to execute an agreement with the South Coast Air Quality Management District to accept funding in the amount of $85,331 for traffic signal coordination on State College Boulevard between Lincoln Avenue and the north City limit, authorize the City Manager to enter into agreement with the City of Fullerton to implement signal timing and modifications on their adjoining segment of State College Boulevard, and increase the expenditure appropriation in fund 278 of the FY 2006/2007 Public Works budget by $85,331.

18. Accept the low bid of Siemens Energy & Automation, Incorporated, in an amount not to exceed $200,000, for the as-needed purchase of traffic controllers for the Public Works Department, Traffic and Transportation Division, for a one-year period with four, one-year optional renewals, and authorize the Purchasing Agent to execute the renewal options, all in accordance with Bid #6794.

20. Accept the proposal of JDS Uniphase, in an amount not to exceed $468,363, for the purchase and installation of a Turnkey Remote Fiber Test System for Public Utilities, and authorize the Public Utilities General Manager to execute and take any and all necessary

actions to implement the agreement and related documents, all in accordance with Bid #6755.

Council Member Hernandez abstained.

21. Approve an amendment to an agreement accepting Simplex Grinnell, LP, who has been named the successor to Simplex Time Recorder Company, and extend the fire alarm service/maintenance agreement for an additional six months through February 2007 for a not-to-exceed amount of $117,576.

22. Approve a Consent to Sublicense Agreement to American Tower, on behalf of Verizon, under the terms of the 1993 License Agreement between the City of Anaheim and Los Angeles SMSA Limited Partnership (Verizon) for a period not to be renewed or extended beyond May 31, 2018, and authorize the Director of Community Services to approve any future sublicense of this site, under the same terms and conditions of the license and this consent and subject to proposed sub-licensee fulfilling all land use or other governmental entitlements and assurances of non-interference.

23. Authorize the Community Services Department to accept an award from the California State Library for the Public Library Staff Education Program in the amount of $5,316.

25. Authorize the City Manager to execute an agreement between the City of Anaheim and Eric W. Gruver, Ph.D., to provide professional psychological services in conjunction with Fire Department operations.

26. Approve a Joint Trench Agreement with TCG Los Angeles, Inc., to facilitate joint trench construction and cost sharing for work within Underground District No. 52 - Broadway Phase 2, and authorize the Public Utilities General Manager to execute the agreement and related documents and take such actions as necessary to implement the agreement.

28. Approve the agreement with Anaheim GW, LLC for water supply fees for the GardenWalk project, and authorize the Public Utilities General Manager, on behalf of the City, to execute the agreement and related documents, and to take such actions as are necessary to implement the agreement.

29. RESOLUTION NO. 2006-192 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM AUTHORIZING THE DESTRUCTION OF CERTAIN CITY RECORDS MORE THAN TWO YEARS OLD. (Public Works-Operations)

30. RESOLUTION NO. 2006-193 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM ACCEPTING CERTAIN DEEDS CONVEYING TO THE CITY OF ANAHEIM CERTAIN REAL PROPERTIES OR INTERESTS THEREIN. (CITY DEED NOS. 10973-10978)

31. RESOLUTION NO. 2006-194 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM AMENDING RESOLUTION NO. 2006-109 NUNC PRO TUNC WHICH ESTABLISHED RATES OF COMPENSATION FOR JOB CLASSIFICATIONS DESIGNATED AS ADMINISTRATIVE, MIDDLE MANAGEMENT, PROFESSIONAL AND SUPERVISORY MANAGEMENT.

RESOLUTION NO. 2006-195 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM AMENDING RESOLUTION NO. 2006-108 NUNC PRO TUNC WHICH ESTABLISHED RATES OF COMPENSATION FOR JOB CLASSIFICATIONS DESIGNATED AS EXECUTIVE MANAGEMENT.

RESOLUTION NO. 2006-196 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM AMENDING RESOLUTION NO. 2006-112 NUNC PRO TUNC WHICH ESTABLISHED MANAGEMENT PAY POLICIES FOR CLASSIFICATIONS DESIGNATED AS EXECUTIVE, ADMINISTRATIVE, MIDDLE MANAGEMENT, SUPERVISORY AND PROFESSIONAL INCLUDING POLICE AND FIRE SAFETY MANAGEMENT.

RESOLUTION NO. 2006-197 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM AMENDING RESOLUTION NO. 2006-123 NUNC PRO TUNC WHICH ESTABLISHED PERSONNEL RULES FOR MANAGEMENT, CONFIDENTIAL AND NON-REPRESENTED PART-TIME CLASSIFICATIONS.

RESOLUTION NO. 2006-198 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM ESTABLISHING RATES OF COMPENSATION FOR CLASSIFICATIONS ASSIGNED TO THE ANAHEIM MUNICIPAL EMPLOYEES ASSOCIATION, GENERAL UNIT.

RESOLUTION NO. 2006-199 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM ESTABLISHING RATES OF COMPENSATION FOR CLASSIFICATIONS ASSIGNED TO THE ANAHEIM MUNICIPAL EMPLOYEES ASSOCIATION, CLERICAL UNIT.

32. RESOLUTION NO. 2006-200 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM AMENDING RESOLUTION NO. 2000R-123 WHICH ESTABLISHED RATES OF COMPENSATION FOR JOB CLASSIFICATIONS DESIGNATED AS ADMINISTRATIVE MANAGEMENT.

33. RESOLUTION NO. 2006-201 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM AMENDING RESOLUTION NO. 2005-161 NUNC PRO TUNC. (Article 16)

RESOLUTION NO. 2006-202 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM AMENDING RESOLUTION NO. 2005-162 NUNC PRO TUNC. (Article 16)

34. RESOLUTION NO. 2006-203 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM AMENDING RESOLUTION NO. 2005-161 NUNC PRO TUNC. (Article 51)

35. ORDINANCE NO. 6029 (ADOPTION) AN ORDINANCE OF THE CITY OF ANAHEIM AMENDING THE ZONING MAP REFERRED TO IN TITLE 18 OF THE ANAHEIM MUNICIPAL CODE RELATING TO ZONING (RECLASSIFICATION NO. 2006-00177) (529 S. West Street). (Introduced at the meeting of August 8, 2006, Item 33)

36. ORDINANCE NO. 6030 (ADOPTION) AN ORDINANCE OF THE CITY OF ANAHEIM AMENDING TABLE 4-A OF SECTION 18.04.030 OF CHAPTER 18.04 AND SUBSECTION .040 OF SECTION 18.38.060 OF CHAPTER 18.38 OF TITLE 18 OF THE ANAHEIM MUNICIPAL CODE PERTAINING TO TELECOMMUNICATION FACILITIES (ZONING

CODE AMENDMENT NO. 2006-00048). (Introduced at the meeting of August 8, 2006, Item 34)

37. ORDINANCE NO. 6031 (ADOPTION) AN ORDINANCE OF THE CITY OF ANAHEIM AMENDING VARIOUS CHAPTERS OF TITLE 18 OF ANAHEIM MUNICIPAL CODE RELATING TO ERRORS, OMMISSIONS, CLARIFICATIONS AND UPDATES (ZONING CODE AMENDMENT 2006-00046). (Introduced at the meeting of August 8, 2006, Item 35)

38. ORDINANCE NO. 6035 (ADOPTION) AN ORDINANCE OF THE CITY OF ANAHEIM FIXING AND LEVYING A PROPERTY TAX ON THE FULL CASH VALUE OF ALL PROPERTY WITHIN THE CORPORATE LIMITS OF THE CITY OF ANAHEIM FOR THE FISCAL YEAR 2006/2007, AND DECLARING THE URGENCY THEREFOR AND THAT THIS ORDINANCE SHALL TAKE IMMEDIATE EFFECT. Full text of this proposed ordinance is available for review in the City Clerk's office.

39. Approve the regular meeting minutes dated August 8, 2006.

With the consent of Council, Mayor Pringle continued this item to September 12, 2006 to allow for staff review.

END OF CONSENT CALENDAR:

9. Approve the Engineering Services Agreement with CH2MHill to provide the Sanitary Sewer Improvement Design for the sewer lines at SR-91/Brookhurst Avenue/La Palma Avenue/Fairview Street/Catalpa Avenue/Chippewa Avenue in an amount not to exceed $580,000.

10. Approve the Engineering Services Agreement with CH2MHill to provide the Sanitary Sewer Improvement Design for the sewer lines at Easement/Grand/Del Monte/Western in an amount not to exceed $250,000.

11. Approve the Engineering Services Agreement with CH2MHill to provide the Sanitary Sewer Improvement Design for the sewer lines at Lincoln and Dale Avenue in an amount not to exceed $220,000.

12. Approve the Engineering Services Agreement with Psomas to provide the Sanitary Sewer Improvement Design for the sewer lines at Katella Avenue from Nutwood Street to Gilbert Street in an amount not to exceed $215,000.

Mayor Pringle remarked he had pulled Item No’s 9 through 12 from the consent calendar, stating his question related to all four items. He indicated that in three of the four projects, one firm had been selected and in the fourth case, the firm selected for the three other projects was ranked fourth, and asked staff for clarification on the approval process. Gary Johnson, Director of Public Works/City Engineer, stated Council policy was utilized for the selection criteria in addition to considering the cost of the proposal. He indicated the consultant firms which had the lower fee proposals had left out major portions of the work and had they provided a full response to the proposal, the total cost of professional services would have been considerably higher in those proposals. Mr. Johnson indicated firms were prescreened before the Request for Proposal was sent and a comprehensive evaluation of the proposals was done relative to the quality of the team and adherence to scheduling constraints.

Council Member Sidhu asked on what basis PSOMAS was recommended for approval. Natalie Meeks, Public Works Department, responded in that particular RFP, three of the consulting firms had missed some of the items they were to bid on. She advised Council when the department sends out an RFP, the parameters to submit to qualify are detailed including quality control and any staffing schedule that must be included. She added in the case of PSOMAS, the firm did miss some items of work and had sent a letter of apology. She added the firm was qualified with a good staff, but had missed some of the requirements in the proposal. Council Member Sidhu moved to approve Item No's. 9, 10, 11 and 12, seconded by Council Member Chavez. Roll call vote: Ayes - 5; Mayor Pringle, Council Members: Chavez, Galloway, Hernandez and Sidhu. Noes - 0. Motion carried.

13. Approve Contract Change Order No. 1 in the amount of $333,731, in favor of GKK Works, authorize the Director of Public Works to execute Contract Change Order No. 1 and any related documents, and increase the FY 2006/07 expenditure appropriation by $297,000.

Council Member Sidhu said he had reviewed the change order log and was surprised some of the duct work had not been considered in the original project, asking why it was added on. Natalie Meeks replied there were some elements of work included in the original plan but GKK Works had been using "as built" plans, however, when the wall and ceiling was opened, some things were not where they were anticipated and the firm had to do additional work. She added the project was designed according to old "as built" plans but it had been a medical building with some irregularities typically not dealt with as a City facility and the wiring of the building was not included in the original bid and was an addition. She noted typically a subcontractor would do that type of work at the end of the contract, but since it was necessary to air condition the Police Department personnel who had been moved to the upper floor while construction was going on, it was necessary to get them wired and in operation while the work was being done. Council Member Sidhu moved to approve Item No. 13, seconded by Council Member Hernandez. Roll call vote: Ayes - 5; Mayor Pringle, Council Members: Chavez, Galloway, Hernandez and Sidhu. Noes - 0. Motion carried.

16. Approve the Program Supplement Agreement No. 125-M to Administering Agency-State Agreement No. 12-5055 for Katella Avenue Improvement Project from the Union Pacific Railroad (UPRR) Tracks to Lewis Street.

Council Member Hernandez remarked that at the last meeting, Council had approved some road grade improvements in this same area, from Lewis Street to the railroad tracks. He asked what specifically was being done under this contract. Ms. Meeks responded this agreement was a part of the grant for that project identified at the August 8th meeting and was necessary to move the project forward. Council Member Hernandez moved to approve Item No. 16, seconded by Council Member Galloway. Roll call vote: Ayes - 5; Mayor Pringle, Council Members: Chavez, Galloway, Hernandez and Sidhu. Noes - 0. Motion carried.

17. Approve six recommendations to assist in addressing resident concerns about spillover parking.

John Lower, Traffic and Transportation Manager, reported there were six recommendations for Council's consideration resulting from the April 25, 2006 workshop Council held relating to spillover parking, listed below:

1) Neighborhood Improvement Teams would establish priorities on spillover parking problems giving consideration to non-permitting solutions; 2) an amendment to the existing ordinance relating to permit parking would return for Council's consideration, the work load for more active parking enforcement would be evaluated and cost effective methods to deliver the required level of service would be identified; 4) letters to property owners and managers would be sent related to no extra charging for code required parking; 5) the teams would work with Anaheim Transportation Network and major employers in the Resort to evaluate worker shuttle times, locations and costs and 6) explore the restoration of up to 340 on-street parking spaces in the Leatrice/Wakefield neighborhoods with consideration given to permit parking for those residents who have garages inspected and approved by Community Preservation staff.

Mayor Pringle confirmed that the parking spillover problems would be handled on a case-by-case basis and that any recommendations and/or solutions would come back to Council for action.

Council Member Hernandez asked who enforces the 72-hour parking program; Mr. Lower responded it was a combination of Police Department staff and Community Preservation staff and that it was enforced on a complaint basis. Captain Stephen Sain added if there were any civilian traffic controllers working, they would be the first responders to such complaints, however, if the public requested police presence, a motor officer or sworn officer would respond.

Council Member Chavez informed residents who spoke earlier on Simmons Avenue parking problems that reestablishing some of the parking back on the Wakefield/Leatrice site, would have a positive impact on Simmons. He was also supportive of providing shuttle services for those working in the Resort area believing it could encourage families to have one automobile and decrease the need for parking.

The question was asked if this was a budgeted item for this year; Mr. Lower indicated it was not however one of the recommendations was to provide this service on a full cost recovery basis. Council Member Hernandez recommended using civilian enforcement rather than patrol officers and asked if the streets which were designated for parking were wide enough to allow emergency access. Mr. Lower responded the Fire Department participated in the interdepartmental teams and looked out for their interest.

Council Member Hernandez moved to approve Item No. 17, seconded by Council Member Galloway. Roll call vote: Ayes - 5; Mayor Pringle, Council Members: Chavez, Galloway, Hernandez and Sidhu. Noes - 0. Motion carried.

19. Accept the low bid of E.J. Ward, Incorporated, for a not-to-exceed amount of $345,400, for the initial purchase and installation of an automated fuel management system for the Public Works Department, Fleet Services, and authorize the Purchasing Agent to execute additional purchase orders at a later date to outfit future sites, all in accordance with Bid #6735.

Council Member Hernandez asked how this fuel management system was different from the current collar system. Doris Roush, Public Works, responded the fuel management system utilized wireless technology, was state of the art able to track fuel use, fleet use and more. She added

there were funds in the contract to add other tanks but right now the department was looking to form fueling islands. Council Member Hernandez moved to approve Item No. 19, seconded by Council Member Sidhu. Roll call vote: Ayes - 5; Mayor Pringle, Council Members: Chavez, Galloway, Hernandez and Sidhu. Noes - 0. Motion carried.

24. Approve a License Agreement with Western Youth Services for the continued use of Manzanita Park Family Resource Center as administrative offices and program space as part of the County of Orange Social Services grant program.

Council Member Hernandez asked if teen pregnancy prevention was planned for any of the program services provided; Terry Lowe, Community Services Director, anticipated this would be provided as well as anti-substance abuse or anti-violence. Discussion continued and Mr. Lowe stated that generally high school guidelines were followed relating to the issue of teen pregnancy and the approach taken was generally abstinence rather than abortion. Council Member Hernandez moved to approve Item No. 24, seconded by Council Member Galloway. Roll call vote: Ayes - 5; Mayor Pringle, Council Members: Chavez, Galloway, Hernandez and Sidhu. Noes - 0. Motion carried.

27. Approve an agreement with Tait Environmental Management, Inc., in an amount not to exceed $250,000, for environmental consulting services to conduct site assessment and remediation of contaminated soil and groundwater at the former carwash and gasoline station located at 1725 S. Brookhurst Street, and authorize the Public Utilities General Manager, to execute the agreement and any other related documents and to take such actions as are necessary to implement the agreement.

Council Member Sidhu asked if the property owner of this site had been located; Marcie Edwards, Public Utilities, reported the mortgage hold had refused to foreclose on this property due to liability concerns and that the bank had finally sold the mortgage to an individual who was reestablishing business on that site and was cooperating with the City in having the state fund the remediation efforts. Council Member Sidhu recommended the new owner pay for a portion of this effort and the City utilize the grant in other locations. Ms. Edwards indicated this particular site was 700 feet away from one the City's water wells and while there had not been contamination, staff felt remediation of the site was prudent to protect the water supply. Council Member Sidhu responded his concern was to maximize the state grant funds, pointing out there may be other gas stations in close proximity to the City's water supply for which these funds could be utilized. Mayor Pringle asked how the $259,000 was awarded to the City; Ms. Edwards responded the City applied for cleanup of this site, and received the funds specifically for that purpose. Mayor Pringle pointed out this was a regenerating pool of money based on gasoline sales in the state which the legislature set up for this purpose and that the City could seek funds for another site if needed.

Council Member Sidhu asked why the City did not go with the low bidder and recommended awarding the contract to a former council person. Ms. Edwards responded that by council policy this was a qualifications selection process which took a number of factors into consideration besides cost. On this particular project, the second bidder did not respond with enough soil samples; there had to be at least 120 samples and the second bidder had only used 40 samples. If the bidder had used the 120 required samples, the cost would have been higher and therefore Tait Engineering was selected.

Council Member Chavez moved to approve, seconded by Council Member Hernandez. Roll call vote: Ayes - 5; Mayor Pringle, Council Members: Chavez, Galloway, Hernandez and Sidhu. Noes - 0. Motion carried.

40. Consider appointing two members to the Cultural and Heritage Commission, one term to expire June 30, 2007 and one term to expire June 30, 2010, one opening on the Budget Advisory Commission, term to expire June 20, 2007 and one opening on the Investment Advisory Commission, term to expire June 30, 2010.

    Cultural and Heritage Commission (unexpired term of Belal Dalati) term to expire June 30, 2007

Council Member Chavez moved to appoint Alkamalee Jabbar to the Cultural and Heritage Commission to complete the unexpired term of Belal Dalati, term to expire June 30, 2007 and with no other nominees offered, Mr. Jabbar was approved.

Council Member Galloway recommended James Baker II to the Cultural and Heritage Commission to complete the unexpired term of Connie Flores, term to expire June 30, 2010 and with no other names offered, Mr. Baker was appointed.

The Budget Advisory Commission and the Investment Advisory Commission appointments were continued to the next City Council meeting.

PUBLIC HEARINGS:

41. This is a public hearing to consider designating an area as Underground District No. 54 - Katella/Lewis, in accordance with the requirements of Chapter 17.24 of Title 17 of the Anaheim Municipal Code relating to underground utilities.

    RESOLUTION NO. 2006-204 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM CREATING UNDERGROUND DISTRICT NO. 54 KATELLA/LEWIS.

Dukku Lee, Public Utilities Department, reported this was the 16th year of the Utilities undergrounding program, having underground 84 circuit miles to date along Anaheim's major corridors to help improve electric system reliability in addition to beautifying City streets. He indicated District 54 was proposed to be formed on Katella Avenue between the 5 Freeway and State College Boulevard and on Lewis Street from Katella Avenue north of the railroad tracks, a 4,000 foot project which included transmission, distribution and communications lines. He indicated the district had been approved as part of the five year plan and its schedule was accelerated in order to coordinate with major construction going on in Platinum Triangle. There are other agencies involved and City staff had been working with them to accelerate their design as well since formation of the district compelled other agencies to underground at their expense. Because of the many coordination efforts, the project was segmented into multiple phases. The first segment was a Public Works street rehabilitation project and the Utilities Department was scheduled to install substructures underground prior to the street rehabilitation. In addition, Lennar requested early undergrounding of poles on Katella frontage on the south side of the street in

coordination with A-Town and that section was designed and ready to install. The 3rd coordination effort addresses the remainder of the district along with the telecommunications lines to be completed and constructed by mid 2007.

Mayor Pringle opened the public hearing and receiving no testimony, closed the hearing.

Council Member Sidhu moved to approve Resolution 2006-204, seconded by Council Member Hernandez.

RESOLUTION NO. 2006-204 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM CREATING UNDERGROUND DISTRICT NO. 54 KATELLA/LEWIS

Roll call vote: Ayes - 5; Mayor Pringle, Council Members: Chavez, Galloway, Hernandez and Sidhu. Noes - 0. Motion carried.

42. This is a public hearing to consider the Police Department's Expenditure Plan for the FY 2006/07 SLESF award from the State budget.

Assistant City Manager Tom Wood reported this was the 11th consecutive year Anaheim received the SLESF grant and it was to fund seven full-time and three part-time personnel. He added part of the revenues were projected in the currently adopted budget.

Mayor Pringle opened the hearing and receiving no testimony, closed the hearing.

Council Member Sidhu asked if the $500,000 grant could be utilized to hire police officers. Deputy Chief Sain responded it was to continue to fund the ten positions identified.

Mayor Pringle remarked the SLESF program would continue to dwindle and in the future should be considered for supplies or support equipment rather than to fund personnel. Captain Sain indicated that would be considered in the future.

Council Member Sidhu moved to approve the Police Department's expenditure plan for FY 2006/07 SLESF grant, seconded by Council Member Hernandez. Roll call vote: Ayes - 5; Mayor Pringle, Council Members: Chavez, Galloway, Hernandez and Sidhu. Noes - 0. Motion carried.

43. This is a public hearing to consider the creation of the Community Facilities District 06-2 (Stadium Lofts).

The applicant has requested continuance of the public hearing to September 12, 2006 and Mayor Pringle opened the public hearing and continued it to September 12, 2006.

44. **MITIGATED NEGATIVE DECLARATION**
GENERAL PLAN AMENDMENT NO. 2006-00442
AMENDMENT NO. 7 TO THE ANAHEIM RESORT SPECIFIC PLAN NO. 92-2 (SPN NO. 2006-00036)

OWNER: City of Anaheim, 200 South Anaheim Boulevard, Anaheim, CA 92805
LOCATION: The Anaheim Resort encompasses approximately 1,078 acres within the City of Anaheim and is generally located adjacent to and southwest of the Santa Ana Freeway (I-5) between the Disneyland Drive off ramp and Chapman Avenue, with a portion located north of the I-5/Harbor Boulevard interchange. The Commercial Recreation General Plan land use designation includes all of the properties within The Anaheim Resort. The Anaheim Resort Specific Plan area is located within The Anaheim Resort and encompasses approximately 580 acres. The proposed Anaheim Resort Residential Overlay involves two sites within the Anaheim Resort Specific Plan area. Site A encompasses approximately 43.7 acres east of Anaheim Boulevard and Haster Street in the vicinity of Katella Avenue. Site B encompasses approximately 15.6 acres south of Wilken Way and east of Harbor Boulevard.
General Plan Amendment No. 2006-00442 - City initiated request to amend the Land Use Element of the General Plan to amend Table LU-4 and the description for the Commercial Recreation land use designation to allow residential uses in conjunction with full-service hotels within two targeted areas of the Anaheim Resort Specific Plan area.
Amendment No. 7 to the Anaheim Resort Specific Plan (SPN No. 2006-00036) - City initiated request to amend the Zoning and Development Standards (Chapter 18.116 of the Anaheim Municipal Code) for the Anaheim Resort Specific Plan No. 92-2* to establish an overlay (Anaheim Resort Residential Overlay) and standards for the development of residential uses in conjunction with full-service hotels within two targeted areas of the Anaheim Resort Specific Plan area.
* Advertised to include "in its entirety to provide consistency with Title 18 (Zoning Code), and provide minor modifications and clarifications."

ACTION TAKEN BY THE PLANNING COMMISSION:

Mitigated Negative Declaration - Recommended City Council approval.
General Plan Amendment No. 2006-00442 - Recommended adoption of Exhibit "A" to City Council.
Amendment No. 7 to the Anaheim Resort Specific Plan No. 92-2 (SPN NO. 2006-00036) - Recommended City Council approval, including modifications to the recommended draft ordinance; Vote: 7-0.

Shari Vander Dussen, Planning Director, stated the Planning Commission had recommended approval of the proposed amendments to the General Plan to the City Council. The purpose of the amendments, she explained, was to provide the framework to allow a certain type of housing within the Anaheim Resort by integrating condominiums for full-time residents in luxury hotel complexes. The residents would have access to all the services and amenities of the full-service hotel such as room service, housekeeping, recreational facilities and restaurants.

The proposed amendments were for Council's consideration because housing was not currently permitted within the Anaheim Resort by either the General Plan or the areas specifics plans and was designated for Commercial/Recreation land uses. She indicated the purpose of that designation was to provide for tourists and entertainment related businesses such as theme parks, hotels, tourist oriented retail stores, movie theaters and other visitor serving uses and added that the resort was comprised of three different specific plans that provided zoning and the design framework for the area. The proposed residential overlay would only apply to the Anaheim Resort Specific Plan.

Ms. Vander Dussen pointed out City staff had identified two areas suitable for this type of development due to their location along the periphery of the resort and their development potential which would keep properties located closer to the Disneyland Resort and the Anaheim Convention Center preserved for hotels and other visitor serving uses. One of the target areas was located on the east side of Harbor Boulevard between Wilken Way and Chapman Avenue, a 16-acre site immediately north and east of the Garden Grove city limits and currently occupied by a variety of retail uses, including a vacant Toys 'R Us building. The other location was on the north and south sides of Katella Avenue east of Anaheim Boulevard and Haster Street, a 44-acre site occupied by a variety of land uses, including The Boogie, two mobile home parks, three hotels and a mix of retail uses. The overlay proposed for these two areas would give property owners an additional opportunity to develop this new type of housing in conjunction with the full service hotel or alternatively expand or redevelop their existing land uses in accordance with the current provisions of the Anaheim Resort Specific Plan. The overlay provided development criteria to insure that the condominium units blended with the area's visitor serving uses. She explained, proposed residential units must be physically integrated into a new full service hotel that featured a minimum of 300 rooms with the residential component comprising no more than 50 percent of a proposed project. Residential uses could not be located on the ground floor along any public right of way and development must meet all of the existing design criteria of the Anaheim Resort Specific Plan pertaining to landscaping, height, setbacks, signs and utility screening. She added the projects would require approval of a conditional use permit and may require a development agreement as well. She emphasized all new development within the residential overlay would need to comply with the environmental equivalency of the density of hotel rooms permitted by the Anaheim Resort Specific Plan and displayed the existing permitted hotel densities for the two targeted areas which were directly related to the infrastructure that has been built or planned for the area, including sewers and roadways. On a site designated medium density, for example, Ms. Vander Dussen indicated the number of hotel and condominium units combined could not exceed 100 units per acre, but would be subject to confirmation that the proposal did not exceed the environmental equivalency of the hotel development already planned.

Ms. Vander Dussen added the environmental documentation had been prepared for the proposed amendments determining the proposed overlay would not create an environmental impact beyond that which was already analyzed for the intensity of development currently permitted by the Anaheim Resort Specific Plan. During the two 30-day public review periods, seventeen comment letters had been received, none of which questioned the adequacy of the environmental review. Six of the letters received were from a law firm representing SunCal Companies which had been contemplating the development of about 1,500 residential units not consistent with the housing associated in the proposed overlay and was also a departure from the goals of the resort area. She pointed out SunCal Companies would need to follow the same entitlement process to ensure their development whether or not the proposed overlay was applied to their property and she explained the details of that process.

She also referenced correspondence received from the same law firm referring to a city-initiated market analysis completed July, 2005 remarking that the analysis had not been prepared in conjunction with the proposed overlay. The study, she stated, was initiated as part of the department's overall efforts to evaluate the on-going feasibility of resort uses. The intent of the study, she added, was to determine the market for resort uses and land use strategies that might accelerate resort development, not to justify removing parcels from the resort or to introduce non-resort related land uses. Ms. Vander Dussen reported SunCal's representatives maintained a draft of the study reflected SunCal's site was suitable for residential development; however the City was not obligated to amend the general plan and zoning to allow what may be considered the highest

and best use of the site. She remarked staff was not planning to initiate any amendments to the specific plan or the general plan that would remove properties from the resort but had received one application to do so at the corner of Harbor and Ball, a mixed use development for which the developer was proposing to create their own specific plan. Ms. Vander Dussen reported the same law firm submitted an additional letter representing Intercontinental Hotel Group which managed the property presently developed with a Holiday Inn Hotel and a Staybridge Suites Hotel, expressing concern regarding the overlay being applied to this property since the hotels on this site were recently built and implementation of the overlay by the property owner would require demolition of these hotels. She pointed out the proposed boundaries for the overlay were intended to include areas where this new type of development could be pursued while maintaining the integrity of the resort and were not developed with respect to the age or condition of existing structures in the overlay and in no way limited the ability to maintain existing uses. She stated the boundaries could easily be adjusted if these property owners wished to be excluded.

She ended her presentation stating that over the years the resort had evolved into a world class visitor-serving destination and the key to insuring the resort maintained its edge in the highly competitive visitor and convention market place was to continue to attract new visitors, businesses and investment. She emphasized the proposed amendments would further the goals of the resort and accelerate the attraction and construction of high end hotels by allowing specialized residential housing to complement other resort uses.

Referencing the City's borrowing which had occurred some years ago to expand the convention center and provide public improvements in the resort area; Mayor Pringle stated he had been told the financing was being paid by the revenues from the bed tax of which three cents of 15 cents collected were devoted to that debt service. He asked if the original financing had been based upon the growth of the resort area which included not only adding new hotel rooms but was also based upon increasing the room rates at those hotel sites. Tom Wood, Assistant City Manager, confirmed that was the case.

The Mayor remarked that around 1997, the City had been concerned that Garden Grove was building hotels to capture many of the benefits Anaheim saw as a vacation destination, and took action at that time, to subsidize the development of hotel rooms in Anaheim and that the Doubletree at the corner of Orangewood and Harbor, the Marriott suites and the GardenWalk properties, were all developed due to the City's concern in insuring there were enough hotel rooms in Anaheim to pay the debt service; Mr. Wood corroborated that statement, announcing the City had been successful in introducing additional hotel products, room rates had increased and the bond coverage ratios had worked out acceptably.

Mayor Pringle commented the proposed amendments were responding to the issue that financing the resort improvements were based upon revenues received from the bed tax, not from the general fund or from the guarantor who was Disney Corporation. He added Disney would be concerned if the amount of revenue derived was much less than anticipated and part of that was to make sure there was the right number of hotel beds added to the resort area, particularly in larger pieces of property. To encourage and promote the establishment of additional hotels, developers could make those projects affordable with the inclusion of residential units. Mayor Pringle remarked the city was not taking away any property owner's existing rights but was adding a voluntary economic opportunity beyond what was presently allowed under the existing zone and general plan designation; Ms. Vander Dussen concurred. Mayor Pringle added the Holiday Inn on Manchester must have misunderstood what the proposed amendments were, as there was no mandate that any property owner make changes to existing properties within the overlay zone; Ms.

Vander Dussen added there would be no obligation for Holiday Inn to modify their existing use nor would they be denied any permits to expand existing uses, modify them or continue their use.

Mayor Pringle opened the public hearing.

Judith Serafini, Plantation Mobile Home park resident, spoke at length on the affordability aspect of mobile home living. She emphasized the mobile homes were residential homes to seniors, families, the disabled, Section 8 voucher recipients and that many of the residents walk to work in the resort district. She requested the City's assistance with programs relating to mobile home improvements for the mobile home park to become an asset to the area and not be eliminated for someone else's concept of what affordable housing should be.

Michael Capaldi, principal in Renaissance Pacific Properties, spoke in support of the proposed amendments, emphasizing how it would help make possible a luxury hotel planned for the Anaheim Resort at 2322 South Harbor Boulevard on the east side of Harbor south of Wilken Way. He stated the amendment would enable the city to revitalize that area, generate a substantial amount of transient occupancy tax for the city and bring a nationally renowned luxury hotel operator to help the convention center capture more and higher end conventions for the city. Referencing his proposed project, he indicated no plans had been submitted yet but Renaissance Pacific Properties was contemplating, with the approval of this overlay zone, the development of a 320 room luxury hotel, with 12,000 square foot luxury spa, 25,000 square feet of public meeting space, gourmet signature restaurant, other restaurants, pools, cabanas, resort style landscaping. He added the building was being designed by the architects of Peninsula Hotel in Beverly Hills and newly renovated L'Hermitage and that the approval of the overlay zone would send a message to the hotel management community that a project like this was feasible for Anaheim. He added his pro forma suggested that over a period of 10 years, the city would see bed taxes of about $40 million in addition to sales tax of $8 million over the same period. He urged approval of the overlay zone.

Council Member Sidhu asked whether any of the residential units might be rented out as part of the hotel, should owners decide to do so and how the transient occupancy tax would be handled. Mr. Capaldi indicated the plan was to avoid that as much as possible as the intention was to have year round full-time residents and hotel operators were discouraging running a small time share or de facto hotel element. He added should it not be possible through CC&R's to prohibit leasing of these residences, the hotel operators were insisting they be responsible for renting out those units and would be prepared to provide the City with the transient occupancy tax. Council Member Sidhu remarked it was not his intention to discourage that practice, but he wanted to insure any income stream from the transient occupancy tax was provided to the City.

Council Member Sidhu asked staff if this particular hotel development would be sharing and participating in the landscaping and maintenance district in the resort area. Tom Wood responded this particular project was outside the boundaries of the landscaping lighting district but it was envisioned that property owners on south Harbor would eventually be part of the resort district. Mayor Pringle remarked that staff had been putting together a plan that would provide the same type of equitable treatment to businesses near the area of Orangewood south as received by those properties currently in the resort district. Council Member Sidhu recommended as this project was considered, the landscaping and upgrades should be the same as required in the resort district; Ms. Vander Dussen responded as part of the overlay, the properties would be subject to existing development standard applied to other properties in the resort.

Frank Elfend, Elfend and Associates, indicated he was supportive of the proposed amendments but would also provide additional comments relating to staff's comments, and on a Focus Site Plan Analysis and SunCal's proposal. He stated SunCal was asking the City to include an additional alternative to the residential overlay zone which would allow a residential project provided that such development was on the site currently or formerly covered by the mobile home park overlay zone and such development contained an affordable housing component of at least 15% of the market rate units. That request was summarized in an August 16th letter provided to Council, remarking it would be approximately 200 affordable housing rental units. He stated his property was currently a mobile home park and was currently an affordable housing use.

He brought up the Anaheim Resort Focus Site Analysis (ARFSA) stating it was commissioned last June to evaluate the feasibility of allowing any residential development in the resort area, referred specifically to his property, and he felt should have been considered by the City in evaluating the viability of residential uses in the area. He also added that it addressed some of Mayor Pringle's comments relating to tax implications of changing the planned uses for the sites stating that residential development on his property was unlikely to have an impact on basis for payments for the debt service for improvements to the area. Mr. Elfend spoke at length on his proposed alternative and the ability of the City to consider his proposal this evening in terms of the environmental documentation.

Michael Zischke, Morrison and Forrester, indicated he specialized in the California Environmental Quality Act all around the state advising cities, businesses, and applicants on how to comply with CEQA and the adequacy of documents and had been asked by SunCal if the mitigated negative declaration was adequate for SunCal's proposal. Mr. Zischke stated he had reviewed the negative declaration, reviewed staff reports and came to the conclusion that the documentation prepared was adequate for either choice the Council would make. He stated it was adequate for the staff proposal and was adequate for the SunCal alternative primarily because the mitigated negative declaration evaluated adding residential uses and SunCal's proposal was a different twist on that residential use. Mr. Zischke offered specific details related to his conclusion.

Mr. Elfend added that if there were any questions, he was available and looked forward to submitting his plan to the City. Mayor Pringle asked that he explain his specific proposal; Mr. Elfend stated he was fully supportive of what the City was proposing but was asking for an alternative which would permit residential uses on his property which would include a 15 percent affordable housing component, which in this case, reflected about 200 affordable housing uses. He was requesting a similar overlay concept for his property as what was proposed by staff.

Mayor Pringle inquired of staff if the discussion on staff's residential overlay zone would protect the interests in having resort area activities on all the properties identified in the overlay zone; Ms. Vander Dussen replied that it would. He then inquired if there would be a requirement to cover the present obligation of resort area units and would there be a one-for-one trade-off opportunity for residential to be a part of that. Ms. Vander Dussen replied the property owners were not obligated to build the maximum number of allowable hotel rooms under the current zoning but what they could build was a combination of residential and hotel that would equal the maximum hotel allocation on the property provided they could demonstrate they were at the environmental equivalency of that many hotel rooms. In the case of Mr. Elfend's property, Mayor Pringle asked how many hotel rooms and how many residential units would be allowed under the overlay zone requested by staff; Ms. Vander Dussen stated the zoning on their property allowed 1,920 hotel rooms and under the overlay a combination of residential units and hotel rooms that did not exceed 1,920 was allowed provided it was demonstrated the environmental equivalency of that

combination, meaning the development could not generate more sewer and traffic than originally planned on that site. Mayor Pringle asked staff, after reading the letters submitted by Mr. Elfend's attorney, what the differences were. Ms. Vander Dussen stated the major difference was SunCal was proposing to allow residential uses not in conjunction with the resort use so they would be basically removing their property from the Resort Specific Plan in terms of its use as a resort property. It would become residential site as opposed to a site that would be reserved for resort uses. Mayor Pringle then asked how the request related to equivalency in terms of density and Ms. Vander Dussen stated the proposal did not clarify that point.

Chris Lowe, Disneyland Resort representative, stated the Disney Corporation was proud of the vision and the planning which created the Resort Specific Plan and that he was there to ensure the vibrancy and quality that existed now would be here for future generations. He stated Disney's 50th anniversary was an example of a partnership which paid dividends from the standpoint of transient occupancy tax revenue and that the company had stayed true to the principles of the Resort Specific Plan. He added the Corporation was focused on the fact that Anaheim was becoming more of a world class vacation destination and wanted to continue to support that effort. He remarked the two proposed sites as proposed by staff in the overlay zone, support that vision and would complement the community created around the Disneyland Resort such as the Platinum Triangle and the Center Street Promenade. He added the company's position had traditionally been against residential developments within the resort district but they realized this was a climate on which each development must be based on its merits and the amendments would present quality products especially in the outlying areas of the resort.

Council Member Sidhu asked what the future plans were for the vacant acres on the Disney property. Mr. Lowe remarked that area was called the 3rd gate parcel, south of Katella, east of Harbor and all the way to Haster, stating there were currently no plans on the site. He added the comment with the quality and intensity of development in the Platinum Triangle and Promenade area in the downtown, the leaders in the Disney Company had been taking a serious look at those development possibilities.

With no other testimony offered, Mayor Pringle closed the hearing.

Council Member Chavez addressed the Focus Site Analysis asking why that was not available and who paid for the analysis. Ms. Vander Dussen remarked the City paid for the analysis to make sure the land use relations were not inconsistent with market demands in the resort area. The conclusion was that the City was not going to propose any amendments to the boundaries of the resort absent Council direction. Council Member Chavez noted that Mr. Elfend quoted a letter stating that potentially his property would not be suitable for a resort for 10-20 more years. After some discussion on this issue, Ms. Vander Dussen was provided with the letter and indicated it stated "Conversion of site 3 to residential uses is unlikely to have an impact on Lease Payment Measurement Revenues (the LPMR). The LPMR are the basis for payment of debt service for improvements to the area and are measured largely by increases in transient occupancy tax. As noted above, development of site 3 as a hotel may not occur for 10-15 years and the transient occupancy tax for the site even when it develops with hotel uses will represent only 3.2 percent of the total LPMR in the year 2025." Council Member Chavez asked if that study was revised and when; Ms. Vander Dussen indicated it had been revised about a month after the June draft. Council Member Chavez asked why this study had not been provided to Mr. Elfend when requested and Ms. Vander Dussen referenced the lengthy public records request submitted by Mr. Elfend and the City Attorney's response. Council Member Chavez asked if the reports were

provided to any other developers and Ms. Vander Dussen indicated that one of the studies was provided to the developer at Harbor/Ball site.

Council Member Chavez addressed the difficulties he was having with this issue over the Focus Site Analysis. He spoke to the need for affordable housing believing that the types of development in the resort with more luxury hotels, had the effect of creating more low income jobs and resulting in more housing shortages. He stated that Mr. Elfend has proposed a project which helped remedy some of that housing shortage on an underutilized piece of property and that it makes sense to consider residential on that site when a report showed a hotel probably would not happen for another 10-15 years.

Council Member Galloway also addressed the need for affordable housing. She stated there was a strategic plan that called for 1,200 units in four years but she felt that was to address the Platinum Triangle area having no affordable housing and also felt it did not address the needs Citywide. She was supportive of the high end luxury hotel with the condominium component but felt there was a place for affordable housing in that area as well.

Council Member Hernandez objected to the Focus Site Analysis Plan providing opposite results in the June draft and the July final report. Ms. Vander Dussen stated the June study was a draft that was subject to review by City staff and that it was not in the City's interest to change the boundaries of the resort at that time, but was in identifying if there were other uses suitable in the resort and were the sites at the periphery of the resort appropriately within the resort in terms of being suitable for residential development. Ms. Vander Dussen remarked the study was not relevant as Council had the ability to make a policy decision to change the resort zoning and did not need a market study to justify that action. Discussion continued and Council Member Hernandez stated he was in favor of the amendment and would support it, but also felt Mr. Elfend's proposal made sense. He was unsettled regarding the issues surrounding the staff's Focus Site Analysis Plan and was not sure how to proceed.

Mayor Pringle remarked that calling into question the staff and staff's integrity was a concern to him. He added Council had never suggested that it wanted to change the direction of the Resort area and that previous property owners of SunCal's site had discussed potential conversion to residential and had been told there was an established plan in place for that parcel. He spoke of the need to encourage hotel development and that over the last ten years that type of development had weakened. With the approval of the overlay, it was hoped the City would realize as much as possible through booming residential development and added if an individual wished to change that plan or proposed a new plan or idea, there was an avenue available in which to do that. He again asked Council not to loose site that staff was doing the job they were asked to do.

Council Member Chavez pointed out that he did approach staff and show an interest in that particular site in October. He believed the Focus Site Analysis study was relevant to that parcel and should have been provided to him at that time.

Council Member Sidhu asked the City Attorney what his options were in terms of having an inquiry done on the basis of having a material change to a consultant's report within 30 days. He requested an inquiry as to how the consultants were hired, how the report was changed and what forces impacted the changing of the report. He stated in this instance that report impacted a particular property owner. He added SunCal's proposal to change to residential would be a complement to this location across from the Platinum Triangle and at the same time would protect the interests of people who had affordable housing on that site.

Mayor Pringle reiterated that the jewel in the City's economics was the resort area and that it had taken over 10 years to get it established. He believed there was a potential for a resort hotel on the SunCal property and if that was not to the highest possible use, the amendments allowed for a smaller-sized hotel with a combination of residential, high-end condominiums. He stated the other entry to the resort was really the connectivity to Garden Grove and right now the proposal discussed the entry points into the Resort which was important to consider. He also believed that any changes from hotel use to residential use would have an effect on infrastructures and therefore would have an environmental impact. He pointed out there were five developers breaking down the doors hoping they could develop residential in the Platinum Triangle that was adjacent to a residential area, but the City was saying no due to a sewer shortage in that area. In terms of transportation, the needs of 1,500 or 2,000 residential units versus 1,900 hotel rooms was significant as well. He added development around Anaheim Stadium was done specifically to maximize the benefit of the Platinum Triangle and this action would take units out of that development. He spoke of the slow down in residential construction and what the City had done to encourage concentration of development and maximize the number of units in the Triangle for the benefit of the commercial area where there were walking communities. Referencing the affordability aspect, Mayor Pringle stated he believed there would be a reduction in the number of affordable units. Although there would be 15 percent affordable housing proposed on SunCal's site, there were 250 units being displaced and he did not see that commensurate net benefit or that net return. He addressed the options available to Council today, to consider passing the general plan amendment as presented, to not pass it at all and start over again looking at other options, and the third option to amend the overlay zone, he believed could not be legally accomplished. Another option was to pass the general plan amendment by reducing some of the properties included.

Council Member Chavez pointed out if a hotel had been proposed on Mr. Elfend's property, there would be a net loss of 250 affordable housing units. He added that the residential alternative proposed replaced 200 of those units by including an affordability component. Mayor Pringle pointed out that the City's strategic plan provided for any lost by adding those units lost to the City's mandate of 1,200 units within four years. Mayor Pringle stated there had been a full discussion that any reduction of affordable housing was going to be added to the bottom line of the requirement.

Council Member Chavez stated SunCal was a developer willing to voluntarily construct 200 affordable units and this was not occurring with any other developer. He believed this was a win/win situation, there was a potential to increase the number of hotel rooms by approving the overlay zone and to create some affordable house that a developer would pay for and he would recommend adopting both.

Council Member Hernandez stated he campaigned on a promise of trying to provide as much affordable housing in Anaheim as possible and a part of that promise was to not require inclusionary housing. He added this was the first developer to come to the City and offer to develop affordable housing voluntarily and without a tax subsidy and that he felt it was not an unreasonable request for a property owner to develop his property in this manner.

Council Member Galloway asked Mr. Elfend if he was willing to do this project with no subsidy from the City.

Lou Feldman, Goodman and Proctor law firm, represented SunCal and specialized in affordable housing. He stated SunCal was volunteering that 15 percent of its residential be affordable but that it would have to pencil out possibly by employing financial strategies such as housing tax credits or perhaps using the City's setaside funds which are earmarked for such projects. He also indicated there were other financing strategies available such as Mello Roos and Community Facilities Districts. Mr. Feldman spoke at length on this issue. Council Member Galloway remarked when developers' use the words "pencil out" it could mean "I don't know if I can do it." She recognized that there may be a subsidy involved in this project and that it was not a gift from the developer.

Council Member Sidhu stated he must have some degree of assurance from the developer that 15 percent affordable housing would be provided regardless of whether subsidy was available or not, that he was not interested in the financial dynamics of the project, only in the bottom line that the affordable housing would be provided.

Mr. Feldman and Council Member Sidhu discussed the issue on financing with Mr. Feldman ending his comments by stating SunCal would provide 15 percent affordable housing regardless of what subsidies were or were not given by the City.

Council Member Chavez pointed out this alternative was a vehicle to create a residential project with 15 percent affordable, that no plans or details had been submitted at this point. He added that Mr. Capaldi had no plans submitted for the construction of a luxury hotel, the overlay zone was providing him with the ability to the research to be able to come up with a plan.

Mayor Pringle requested the City Attorney provide direction as to what action could be taken by staff on this matter. Mr. White stated the only thing before Council was the City initiated general plan amendments and the Anaheim Resort Specific Plan amendments to allow a full service hotel in conjunction with residential in an overlay zone. He added the alternative proposed by Mr. Elfend could not legally be addressed this evening because of environmental impacts and noticing requirements. He recognized that Mr. Elfend's consultants believed the environmental impacts had been addressed, but it was his opinion that additional environmental review was required. He stated Mr. Elfend could request a general plan amendment and go through the process or Council could make that request, but it could not be addressed this evening.

Mr. Elfend and Mr. Feldman provided additional information on the proposed SunCal project and the issue of affordability.

Chris Lowe opposed the consideration of an alternative to the overlay zone as proposed by SunCal stating he would like to opportunity as representing one of the most significant land owners adjacent to this development to have the right to speak during public comments at a Planning Commission meeting and ultimately to Council as decision makers on this proposal.

Council Member Chavez recommended continuing this matter until the next meeting; Council Member Hernandez seconded. Mr. White stated that he would have no additional information to impart to Council at the next meeting other than what he had stated tonight. Council could approve the overlay plan as proposed, either Council or Mr. Elfend could request a plan amendment to address his alternative proposal or property could be removed from the proposed overlay zone. If, on the other hand, Council wanted to try to change the general plan amendment and change the specific plan to add in an additional overlay, it would require in his opinion, renoticing and additional environmental review.

Council Member Chavez withdrew his motion and made a subsequent motion to approve the overlay and at the same time direct staff to initiate action whereby a general plan would be developed pursuant to SunCal's alternative proposal; Council Member Hernandez seconded the motion. Council Member Sidhu stated he wanted a written report addressing some of the issues that concerned him relating to the Focus Site Analysis report. Mr. Wood stated it would be appropriate for the City Manager's Office to provide that report and to look at what was originally submitted in a draft format, what additional information was submitted and why that change was made.

MOTION: Find and determine that the Anaheim Resort Residential Overlay Initial Study/Mitigated Negative Declaration and Updated and Modified Mitigation Monitoring Program No. 0085b are adequate to serve as the required environmental documentation for the following proposed amendments.

RESOLUTION NO. 2006-205 A RESOLUTION OF THE CITY COUNCIL APPROVING THE MITIGATED NEGATIVE DECLARATION AND MITIGATION MONITORING PLAN NO. 0085b, FOR AMENDMENT NO. 7 TO THE ANAHEIM RESORT SPECIFIC PLAN NO. 92-2 (THE ANAHEIM RESORT RESIDENTIAL OVERLAY) AND DETERMINING THEIR ADEQUACY TO SERVE AS THE REQUIRED ENVIRONMENTAL DOCUMENTATION FOR THE PROPOSED PROJECT ACTIONS.

RESOLUTION NO. 2006-206 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM APPROVING GENERAL PLAN AMENDMENT NO. 2006-00442, PERTAINING TO THE LAND USE ELEMENT.

ORDINANCE NO. 6036 (INTRODUCTION) AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ANAHEIM APPROVING AMENDMENT NO. 7 TO THE ANAHEIM RESORT SPECIFIC PLAN NO. 92-2, AMENDING ORDINANCE NO. 5453, AS PREVIOUSLY AMENDED, AND AMENDING ZONING AND DEVELOPMENT STANDARDS SET FORTH IN CHAPTER 18.116 OF TITLE 18 OF THE ANAHEIM MUNICIPAL CODE.

Roll Call vote: Ayes – 4: Council Members: Chavez, Galloway, Hernandez and Sidhu. Noes – 1: Mayor Pringle. Motion Carried.

Report on Closed Session Actions: None

Council Communications

Council Member Hernandez reported on the death of retired Community Services employee, Walter Eggett.

Council Member Galloway reminded the public of the Anaheim Firefighters' Annual Fill the Boot fundraiser on September 27th at Katella and Harbor intersection.

Council Member Sidhu reported on a recent US Census Bureau survey which ranked cities' education levels and found that Anaheim was ranked number six of 134 large cities having more

than 100,000 residents with less than a 9th grade education. He believed education was of vital importance to the future of Anaheim and requested Mr. Wood elicit a response from the various Anaheim school districts as to what goals and objectives were in place to improve the education level in the City. He also spoke of participating in various India Independence Day events throughout the City.

Council Member Chavez reported attending an India Independence Day event hosted by Council Member Sidhu and also attending an event put on my Anaheim police officers for the purpose of sprucing up the Family Justice Center, thanking the officers for their commitment to the Justice Center program. He also apologized for the tone of his comments during the Council meeting remarking staff deserved better than that.

Mayor Pringle spoke of his recent visit to Encinada commenting on the potential of having an economic partnership relation with that City.

Adjournment:

At 8:45 P.M., August 22, 2006 meeting was adjourned.

Respectfully submitted,

Sheryll S. Schroeder, MMC
City Clerk