



# California Fair Political Practices Commission

June 8, 1988

Furman B. Roberts  
City Attorney  
City of Orange  
Orange Civic Center  
300 East Chapman Ave.  
Orange, CA 92666

Re: Your Request for Advice  
Our File No. A-88-051

Dear Mr. Roberts:

This is in response to your request for advice on behalf of Mayor Jess Perez, Mayor Pro Tem Don Smith, Councilmember Fred Barrera and Councilmember Gene Beyer regarding their responsibilities under the conflict-of-interest provisions of the Political Reform Act (the "Act").<sup>1</sup>

## QUESTION

May Mayor Perez, Mayor Pro Tem Smith and Councilmembers Barrera and Beyer participate in decisions regarding the adoption or amendment of project areas within the City of Orange redevelopment plan?

## CONCLUSIONS

1. Mayor Perez may not participate in the decisions regarding the Tustin Street project area and the proposed Northwest project area. We have insufficient information to advise relative to his participation in the Southwest project area.

2. Mayor Pro Tem Smith may not participate in the decisions regarding the Southwest project area and the Tustin Street project area. We have insufficient facts to advise relative to the Northwest project area.

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<sup>1/</sup> Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations Section 18000, *et seq.* All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

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3. Councilmember Barrera may not participate in the decisions regarding the Southwest project area. It is possible that he may participate in the decisions regarding the Tustin Street and Northwest project areas, but we have insufficient information to provide definitive advice.

4. Councilmember Beyer may participate fully in the decisions regarding the adoption and amendment of project areas.

#### FACTS

The city council has before it amendments to two existing redevelopment areas, and the question of adoption of a new redevelopment project area plan, as outlined below:

1. The Tustin Street Project Area amendment proposes to add approximately 314 acres of land zoned primarily commercial (almost doubling the size of the project area). The amendment will also increase the tax increment limit and the bonded indebtedness limit, and add to the list of public improvements.

2. The Southwest Project Area amendment proposes to add three small areas of land totalling approximately 112 acres, zoned primarily commercial/office, to the current area which includes approximately 750 acres of commercial and public/government use property. In addition, the proposal seeks to increase each of the tax increment and bonded indebtedness limits and add to the list of public improvements.

3. The proposed new project area, the Northwest Project Area would consist of approximately 1,679 acres, principally industrial. As is the case with the other project areas, the funding mechanisms to be used to redevelop the area include property tax increments, interest income, agency bonds, state and federal funds, loans from private financial institutions and other available sources.

Based on follow-up telephone conversations with your co-counsel, Barbara Zeid, I am assuming for purposes of this analysis that funds raised through tax increment financing are to be used solely for projects within the project area from which the funds are raised. Further, there are presently no specific projects pending before the city council. The three decisions presently before the city council are whether to adopt or reject the proposals outlined above.

ANALYSIS

Section 87100 prohibits public officials from making, participating in, or using their official position to influence any governmental decision in which they know or have reason to know they have a financial interest. An official has a financial interest in a decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from the effect on the public generally, on the official or any member of his or her immediate family, or on:

(a) Any business entity in which the public official has a direct or indirect investment worth one thousand dollars (\$1,000) or more.

(b) Any real property in which the public official has a direct or indirect interest worth one thousand dollars (\$1,000) or more.

(c) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$250) or more in value provided to, received by or promised to the public official within 12 months prior to the time when the decision is made.

(d) Any business entity in which the public official is a director, officer, partner, trustee, employee, or holds any position of management.

Section 87103(a)-(d).

The purpose of any redevelopment plan is to promote sound development and redevelopment of blighted areas. The anticipated result of redevelopment is an increase in property values and an improved business climate within the project area, which benefits the community as a whole. The very nature of redevelopment projects has led the Commission to find that it is reasonably foreseeable that there will be a financial effect on real property values and business interests located within or near project areas. (In re Oglesby (1975) 1 FPPC Ops. 71, Advice Letters to Haight, No. A-81-509, and Phillips, No. A-87-166 copies enclosed. See also Downey Community Development Commission v. Downey Cares (1987) 196 Cal. App. 3d 983.)

However, the Commission has drawn distinctions between the effects of redevelopment decisions on public officials with limited economic interests within a redevelopment project and the effects on public officials who are commercial property owners or who have multiple economic interests within or adjacent to the project area. (In re Owen (1976) 2 FPCC Ops. 77, copy enclosed.) Consequently, it is necessary to apply the appropriate conflict of interest provisions of the Act to each public official on a case-by-case basis.

Mayor Jess Perez

Mayor Perez is sole owner of Jess Perez and Associates (JPA), an architectural firm. The firm is located within the Tustin Street project area. JPA rents its office space on a month-to-month basis from Interstate Consolidated Industries. Mayor Perez is aware of four clients of the firm that do business and own property within the various project areas. He has provided the following information regarding these clients:

1. Interstate Consolidated Industries (ICI), a developer active in redevelopment areas. ICI is part owner of a development known as Village Walk, located within the Tustin Street project area, for which Mayor Perez's firm has provided architectural services and received fees in excess of \$10,000 within the last year. ICI also has a real property interest in at least ten other locations within the current and proposed Tustin Street project areas, each of which is valued at more than \$1,000. ICI is not publicly traded and does not qualify for public sale.

2. Vernon Valentine is the other owner of Village Walk. Mr. Valentine has real property interests in three locations within the current and proposed Tustin Street project areas, one parcel of property one block from the existing Southwest project area, and one parcel within proposed Northwest project area. Each real property interest is worth at least \$1,000.

3. Adray and Sons is the owner of a retail outlet located within the Southwest project area. The retail outlet leases its retail space. The owner of the business and his family own several properties in the Southwest project area, each valued at more than \$1,000.

4. JPA has also provided architectural services to an unnamed business located in the Southwest project area. This business is not publicly traded and does not qualify for public sale. No additional information is available relative to this client.

## Analysis

### Tustin Street Project Area

The present Tustin Street project area consists principally of a commercial corridor along Tustin Street, stretching a number of miles north-to-south and a few blocks east and west. The proposed amendment to the Tustin Street project area draws the project area southward to just beyond the Garden Grove Freeway, doubling the total size of the project area. Since the tax benefits reaped from the proposed amendment can be used for redevelopment projects throughout the entire project area, we consider the decision regarding the proposed amendment to have a significant effect on the current project area as well.

Mayor Perez has recently moved his architectural firm to the Tustin Street project area. Moreover, two of Mayor Perez's clients, ICI and Vernon Valentine, have commercial property and business holdings in both the existing and proposed amendment to the Tustin Street project area.

Since Mayor Perez's firm rents its office space on a month-to-month tenancy, he has no real property interest in the decisions before the council. (Regulation 18233, copy enclosed.) However, his ownership of JPA is a business investment worth at least \$1,000, and a source of income. (Section 87103(a), (c) and (d).) Further, because he is sole owner of his business, the clients of the firm are sources of income to him. (Section 82030(a).) Thus, the economic interests of his clients within the project area, also create potentially disqualifying financial interests under Section 87103(a).

In order to require disqualification by a public official under the Act, four elements must be present. It must be reasonably foreseeable that the governmental decision will have a financial effect on the public official or one or more of his or her economic interests. The financial effect must be material, and it must be distinguishable from the effect on the public generally.

As was noted earlier, the purpose of redevelopment is to stimulate the business climate and increase property values in blighted areas. Since Mayor Perez's business has recently relocated to the Tustin Street project area, and is of the type to especially benefit from rehabilitation projects which will occur in the area, we believe it is reasonably foreseeable that the decision regarding the Tustin Street project area amendment will have a financial effect on the firm. (See Downey Cares, supra.)

To determine whether the effect of a decision on a business interest is material, the Commission has provided guidelines in Regulation 18702.2 (copy enclosed). The standards provided in the regulation are keyed to the financial size of the business entity in which a public official has an interest. Because Mayor Perez's architectural firm is a sole proprietorship, we will assume that Regulation 18702.2(g) applies to his situation.

(g) For business entities which are not covered by (c), (d), (e) or (f) the effect of a decision will be material if:

(1) The decision will result in an increase or decrease in the gross revenues for a fiscal year of \$10,000 or more; or

(2) The decision will result in the business entity incurring or avoiding additional expenses or reducing or eliminating existing expenses for a fiscal year in the amount of \$2,500 or more; or

(3) The decision will result in an increase or decrease in the value of assets or liabilities of \$10,000 or more.

Regulation 18702.2(g).

Thus, a decision will have a material effect on the Mayor's business if it will increase or decrease gross revenues, or the value of assets or liabilities, by \$10,000, or will result in the business entity incurring or avoiding expenses of at least \$2,500 in a fiscal year.

Because the architecture business is so integral to redevelopment activity, it is foreseeable that Mayor Perez's business will be materially affected by the decision to amend the Tustin Street project area. His location in the heart of the project area, and his position as mayor give him added advantage in reaping the benefits of the more positive business climate envisioned by redevelopment in a manner distinguishable from the public generally. (See, In re Oglesby, supra, and Phillips Advice Letter, supra.)

Based on this financial interest alone, we conclude that Mayor Perez must disqualify himself from participation in decisions regarding the Tustin Street project area amendment.

Proposed Northwest Project Area

Mayor Perez's economic tie to the proposed Northwest project area is based on his economic interest in his client, Vernon Valentine. Mr. Valentine is a source of income of more than \$250 in the past twelve months to the mayor. Therefore, Mayor Perez must disqualify himself from decisions which could foreseeably have a material financial effect on Mr. Valentine. (Section 87103(c).)

Your facts indicate that Mr. Valentine owns the commercial property as an individual. Regulation 18702(b)(3)(D) (copy enclosed) provides that the test for materiality upon a source of income which is not a business entity is whether the decision will have a "significant" effect on the source of income.

Proposed Northwest project area is comprised principally of commercial/industrial property. Mr. Valentine owns commercial/industrial property in the proposed project area valued in 1975 at \$213,445. His property is located squarely within the boundaries of the proposed Northwest project area. Thus, it is reasonably foreseeable that the value of the property will increase substantially should the redevelopment project be adopted. We conclude that there will be a significant effect on Mr. Valentine as a consequence of the decision to adopt the redevelopment area.

Having determined that the effect on Mr. Valentine's economic interest is foreseeable and material, we must next determine whether the effect will be distinguishable from the effect on the public generally. For purposes of public generally exception, the "public" includes all the residents and businesses of the City of Orange. (In re Owen, supra., and In re Legan (1985) 9 FPCC Ops. 1, copies enclosed.) The Commission has consistently held that the class of commercial property owners constitutes a unique group of people. (In re Owen, supra.) Because relatively few property owners will be affected by the decision to adopt the redevelopment area, the public generally exception does not apply here.

We conclude, therefore, that it is foreseeable that Mr. Valentine has a financial interest in the decision regarding the proposed Northwest project area. Since Mr. Valentine is a source of income to the mayor, the mayor must disqualify himself from participation in decisions regarding the proposed Northwest project area.

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### Southwest Project Area Amendments

Once again, Mayor Perez does not personally have any real property interests in the Southwest project area. He does, however, have an economic interest in Adray and Sons, a client of his firm which owns a major retail outlet and several parcels of commercial property on Chapman Avenue, in the center of the existing Southwest project area. We have no information regarding the financial size of Adray and Sons. Since it appears to be a family run operation, we will assume that it falls within the guidelines for material financial effect found in Regulation 18702.2(g), supra.

The initial inquiry in this instance is whether the decision regarding the proposed amendment will have a foreseeable financial effect on the retail business or fair market value of the real property owned by Adray and Sons, and whether that effect is sufficient to be material as to the business entity.

The effect of a decision is reasonably foreseeable if there is a substantial likelihood that it will occur. Certainty is not required; however, if the effect is a mere possibility it is not reasonably foreseeable. (In re Thorner (1975) 1 FPPC Ops. 198, copy enclosed.)

Adray's retail business and property holdings are all within a two block segment of Chapman Avenue, which is the main thoroughfare in the existing Southwest project area. This property is separated from the proposed project area amendments by freeways, railroad tracks and a river. Judging from the map provided to us, there is quite a distance between each of the three proposed amendments and the Adray property.

Based on these facts it seems unlikely that the effect of the decision to amend the project area will have sufficient impact on the fair market value of the property to generate a material financial effect on Adray and Sons. (See Roberts Advice Letter, No. A-86-161, copy enclosed.)

Whether there is a likelihood that the proposed amendments to the project area will have a financial effect on the income, assets or expenses of the retail business is less clear. One of the proposed project area amendments is only seven intersections away from the retail store. Still, there is a freeway separating the proposed area and Adray's retail business. Thus, it is not clear that the decision to amend the project area boundaries will have sufficient financial effect on Adray's retail outlet to affect Adray and Sons in a material way.

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If, in the future, there is a specific project proposed for the Southwest project area which more directly connects the Chapman Avenue corridor with the properties in, or funds collected from, other parts of the project area, Mayor Perez should proceed with great caution. We would be happy to give you additional advice at such time.

We note that Mr. Valentine owns real property just outside the eastern boundary of the Southwest project area. Since this property is even farther away than the Adray real property interests, we apply the same analysis, and find that, absent specific facts to the contrary, it is not foreseeable that the decision regarding the proposed amendment will have a material financial effect on Mr. Valentine.

Mayor Perez has indicated that he has a client who has been a source of income to him of at least \$250 in the past twelve months with real property interests in the Southwest project area. We have no information as to the location, size or use of the real property. Absent such information, we are unable to advise whether or not Mayor Perez may participate in the decision regarding the Southwest project area amendments. You should utilize the analysis provided above to determine whether the decision to amend the project area will have a foreseeable material financial effect on this source of income.

Mayor Pro Tem Don Smith

Mayor Pro Tem Smith is the sole owner of a real estate business located two blocks east of the Southwest project area, and five blocks west of the Tustin Street project area amendment. Mr. Smith reports that the real estate business is inactive at the present time, although he continues to receive commission income through the firm in excess of \$10,000 per year from past sales. He has not listed any property for sale within the past twelve months, but does not want to preclude his option of doing so in the future.

Mr. Smith holds interests in, and receives income from, more than twenty parcels of real property located within, or a few blocks from, the Southwest project area, and within the proposed Tustin Street project area amendment. Each parcel is valued at more than \$1,000.

Mr. Smith has provided information on two of his several tenants:

1. Steven Smith is an individual who rents property from and does business with the Mr. Smith. Steven Smith owns numerous parcels of real property in the Southwest project area

and two within one block of the proposed amendment to the Tustin Street project area. These individual parcels are valued from between \$37,947 (1975 taxable value) to \$438,464 (1977 taxable value).

2. Southern California Edison leases property from Mr. Smith, and has interests in real property and improvements in each of the proposed project areas, valued from \$730 to \$2,850,000. The specific locations have not been identified.

### Analysis

#### Tustin Street Project Area

Mr. Smith is sole owner of his real estate business, which is a business investment, ownership interest and source of income to him. (Section 87103(a), (c), and (d).) Since he is the sole proprietor of the business, clients of the firm are sources of income to him. (Section 82030(a).) Mr. Smith's real estate holdings constitute real property interests of more than \$1,000. (Section 87103(b).) Finally, the tenants who provide at least \$250 per year in rent to Mr. Smith from his real property interests are sources of income. (Section 82030(a).) Thus, he must disqualify himself from decisions which could foreseeably have a material financial effect on his firm, his clients, his real property interests, or his tenants.

Mr. Smith currently owns at least one parcel of commercial property located within the proposed amendment to the Tustin Street project area. The parcel consists of office space valued at more than \$100,000, and providing more than \$500 per month in rent. As a commercial property owner within the redevelopment area, Mr. Smith falls within a small group of individuals who will directly benefit from the redevelopment amendment. (In re Oglesby and Downey Cares, supra.)

Mr. Smith's real estate business is located five blocks from the Tustin Street project area amendment. Although Mr. Smith has indicated that he has not listed any properties within the last twelve months, he specifically reserves the option of reactivating his real estate business. Thus, it is at least foreseeable that Mr. Smith will be involved in real estate transactions in and around the proposed Tustin Street project area.

As with Mayor Perez's architectural firm, we take note of the particular benefits redevelopment offers to persons in the real estate business. The anticipated increase in property values within the redevelopment project areas translates into increased sales commissions realized by real estate brokers.

This, coupled with the advantage of holding a position of particular import on the city council, significantly increases the likelihood of a material financial effect on the real estate business. (In re Oglesby and Downey Cares, supra. See also Advice Letters to Haight, supra, and Brown, No. A-86-297, copies enclosed.)

In addition to the real estate business and the commercial property holdings within the proposed amendment area, Mr. Smith has sources of income who have economic interests within the Tustin Street project area. In light of the many economic interests of Mr. Smith within or near the Tustin Street project area, it is not necessary to calculate the specific financial effect on Mr. Smith. We conclude that he is required to disqualify himself from participation in that decision. (In re Oglesby, supra.)

#### Northwest Project Area

Mr. Smith owns no real property in the proposed Northwest project area, and we have no facts indicating that his firm receives income from business done within the area. Mr. Smith does, however, have a tenant with significant real property interests located in the proposed project area.

Southern California Edison, which is a Fortune 500 nonindustrial corporation, owns land and improvements totalling over \$10,000,000 within the proposed Northwest project area. It is foreseeable that the value of this property will increase as a consequence of redevelopment. Moreover, because of the numerous interests held by Southern California Edison within the proposed project area, the effect of the redevelopment decision on Southern California Edison will be distinguishable from the effect on the public generally. (See In re Owen, and In re Legan, supra.)

At issue here is whether the decision regarding the proposed project area will have a material financial effect on Southern California Edison. As we discussed in the Adray and Sons analysis, because Mr. Smith does not own the real property in question, it is not the effect of the decision on the real property which must be measured. It is the effect on the source of income which is in question. Regulation 18702.2(c) provides that for an effect to be material on a Fortune 500 corporation, it must increase or decrease gross revenues, assets or liabilities by at least \$1,000,000, or affect expenses by at least \$250,000 in a fiscal year.

We have insufficient facts upon which to determine the effect of the decision regarding the proposed Northwest project

area on the revenues, assets, liabilities or expenses of Southern California Edison. As a consequence, we are unable to provide advice regarding Mr. Smith's participation in the decision relative to adoption of the Northwest project area.

#### Southwest Project Area

Mr. Smith's real estate firm is located two blocks east of the Southwest project area. He owns more than a dozen parcels of real property located in and around the eastern portion of the Southwest project area. Both of the sources of income mentioned previously, Mr. Steven Smith and Southern California Edison, have significant real property interests within the project area.

Echoing the analysis provided regarding the Tustin Street project area, above, we conclude that Mr. Smith must disqualify himself from participation in the decision to amend the Southwest project area.

#### Councilmember Fred Barrera

Councilmember Barrera and his wife are sole owners of a parcel of commercial property located within the Southwest project area. He has recently entered into a 25-year lease for the property with La Mancha Development (La Mancha). La Mancha is an established developer and operator of commercial convenience centers, and has located a convenience center on the Barrera property. Mr. Barrera does not know of other interests in real property held by La Mancha, however he believes that La Mancha does have other leasehold interests within the city limits. We have no information as to the the financial size of La Mancha.

Mr. Barrera is also a member of the Board of Directors of Orange National Bank, and receives a stipend of over \$250 per year in that capacity. He has a partnership interest in the bank of more than 10-percent, and an investment interest of over \$100,000. The bank owns real property approximately one mile outside the Tustin Street project area, valued at over \$100,000, and leases a branch office located in the Southwest project area.

#### Analysis

##### Southwest Project Area

Mr. Barrera has an ownership interest in commercial real property located within the Southwest project area. The lessor of the Barrera property, La Mancha, is a source of income to

the Councilmember. In addition, Mr. Barrera has a partnership interest and an investment interest in the bank, which is also a source of income located in the Southwest project area. Finally, because he owns more than 10-percent of the bank, he has a pro-rata interest in the bank's real property interests, including the leasehold in the Southwest project area. In light of these numerous economic ties to the Southwest project area, we find that Mr. Barrera is prohibited from participating in the decisions amending the Southwest project area. (See Oglesby and Downey Cares, supra.)

#### Tustin Street and Northwest Project Areas

Mr. Barrera has no real property or business interests in the other two project areas. You have noted in your statement of facts that Mr. Barrera does not specifically know of any other convenience centers operated by La Mancha in the City of Orange, but he believes that such other locations do exist. It is possible that La Mancha may have additional convenience centers located in any of the three project areas.

Mr. Barrera's responsibility under the Act is to disqualify himself from participation in decisions in which he knows or has reason to know he has a financial interest. (Section 87103.) Generally speaking, an official "has reason to know" that a decision will affect a source of income whenever a reasonable person, under the same or similar circumstances, would be likely to know of the interests of the source of income, and would be aware of the decision's foreseeable effect on those interests. (See Price Advice Letter, No. A-85-165, copy enclosed.)

In this case, if it is common knowledge that all La Mancha convenience centers are painted a distinctive red and yellow, or carry some other identifiable logo or sign, Mr. Barrera would have reason to know where other La Mancha enterprises are located. Mr. Barrera is under no affirmative duty to seek out the location of La Mancha's other interests where it would not be reasonable to do so. However, if he does know of other interests he is required to disqualify himself from decisions materially affecting La Mancha.

Mr. Barrera is under a similar obligation relative to his relationship with the bank. The bank is a source of income, an investment interest and a partnership interest to the councilmember. Moreover, because he has a greater than 10-percent partnership interest in the bank he has a pro-rata interest in the bank's real property interests and some clients of the bank are also sources of income to him. Thus, Mr. Barrera is prohibited from participating in decisions which

could foreseeably have a material financial effect on the bank, its real property interests, or on persons he knows or has reason to know are customers of the bank who are sources of \$250 in prorated income to him.

A decision of the city council could have a material financial effect on the bank if it has a direct impact on the real property or other assets or liabilities of the bank. The bank owns a parcel of property one mile outside the Tustin Street project area. Since the property is so far from the redevelopment project, it is not foreseeable, absent unusual facts, that the property will be affected to the degree required to raise a conflict of interest for Mr. Barrera.

In addition to decisions which would affect the bank's assets directly, the bank could be indirectly affected through one or more of its customers. However, such situations would be rare. For example, if a precondition to a loan is approval of the redevelopment project amendment, the bank would have a financial interest in the decision. Assuming Mr. Barrera knew or had reason to know of this interest and the affect of the decision, he would have to disqualify. (See Advice Letters to Burnham, No. A-82-039, and Botz, No. I-87-297, copies enclosed.)

The clients of the bank raise another possible conflict for Mr. Barrera. Because he has greater than a 10-percent interest in the bank, he needs to calculate, based on his prorated share of the gross income to the bank, what threshold to apply for identifying sources of \$250 in income to him. Each customer meeting this threshold amount creates a potential disqualifying interest.

Once the threshold amount is determined, Mr. Barrera is, once again, held to the standard of a reasonable person in the same or similar circumstances. Applying this standard, he must determine if he knows or has reason to know if a client of the bank has an economic interest in a decision before the city council. (See Levy Advice Letter, No. A-87-222, copy enclosed.) If Mr. Barrera knows, or has reason to know, that a client of the bank who is a source of income to him of \$250 or more will be affected by the decisions of the council, he must then determine if it is foreseeable that the effect will be material and distinguishable from the effect on the public generally.

Absent information establishing that La Mancha, the bank or the bank's relevant customers have economic interests within the Tustin Street or Northwest redevelopment project areas, we would not require that Mr. Barrera disqualify himself from participation in these decisions. However, in the absence of

more specific information, we decline to give definitive advice relative to Mr. Barrera's ability to participate in these decisions.

Councilmember Beyer

Councilmember Gene Beyer recently retired from employment as a principal with the Orange Unified School District. He holds stock valued at \$750 in the Orange National Bank and a one-fourth interest in a single-family residence, valued at \$125,000, located within a few blocks of the Southwest project area.

Analysis

Section 82034 specifically provides that no asset shall be deemed an investment unless its fair market value equals or exceeds one thousand dollars (\$1,000). Thus, Councilmember Beyer's \$750 worth of stock in Orange National Bank does not constitute an business investment for purposes of the Act. Be aware, however, that if the stock increases in value to \$1,000 or more, Councilmember Beyer would have an investment interest in the bank under the Act.

Councilmember Beyer's one-fourth interest in the single-family residence is an interest in real property valued at more than \$1,000. Thus he has a potentially disqualifying economic interest in real property located near the Southwest project area. (Section 87103(b).)

Our previous discussions regarding real property interests of the various public officials and their sources of income have focused on commercial property owners, a relatively small segment of the public. In In re Owen, supra, the Commission held that residential home owners within and in the immediate vicinity of a downtown "core area" constitute a "significant segment" of the public. Therefore, a public official with an interest in residential property near the core area was not prohibited from participating in decisions regarding the core area.

The Commission pointed out that where evidence exists that the effect of a plan on a public official's residential property would be distinguishable from the effect on other residential property owners, disqualification may be required. In this case, there is no evidence that the decision regarding the Southwest project area amendment will have any effect on Councilmember Beyer's real property.

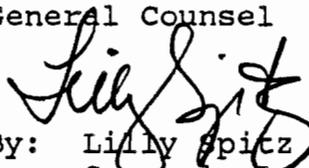
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We conclude that Councilmember Beyer may participate fully in the decisions regarding adoption and amendment of the various project areas.

I hope this analysis is helpful to you. I would be happy to provide additional advice if more facts are made available, especially in the areas only generally discussed herein.

Sincerely,

Diane M. Griffiths  
General Counsel

  
By: Lilly Spitz  
Counsel, Legal Division

DMG:LS:plh

Enclosures

# city of orange



incorporated 1888

orange civic center • 300 east chapman avenue • orange, california 92666  
post office box 449

city attorney  
(714) 532-0351

January 25, 1988

Fair Political Practices Commission  
428 "J" Street, Suite 800  
Sacramento, CA 95814

Gentlemen:

The City of Orange and the Orange Redevelopment Agency are currently contemplating the continuation of proceedings for the adoption of a redevelopment plan and the amendment of two existing project areas. The proposed new project area, the "Northwest Project Area", if approved in the form initially presented by staff, would consist of approximately 1,679 acres, including a substantial portion of the industrial area of the City of Orange. One of the existing project areas, the Tustin Street Redevelopment Project Area, was established in November, 1983. The Tustin Street Project Area, originally consisting of approximately 363 acres of property principally devoted to commercial uses, is proposed to be amended as follows: (i) the addition of approximately 314 acres of additional property which area also principally devoted to commercial uses; (ii) an increase in each of the increment limit and the bonded indebtedness limit in the Plan; and (iii) addition to the list of public improvements for both of the originally-approved areas and the area proposed to be added.

The other existing project area, the Southwest Redevelopment Project Area, was established in 1984 with approximately 308 acres of mostly commercial and public/governmental uses, and was amended in 1986 to increase the increment limit, add permitted public improvements, and add approximately 458 acres to the Project Area. Staff anticipates that it will proceed with processing of an amendment which would: (i) add approximately 112 acres to the project area (of property zoned primarily for commercial/office uses); (ii) increase each of the tax increment and bonded indebtedness limits; and (iii) add to the list of public improvements.

To date, the Orange Redevelopment Agency has proceeded with implementation of programs, supported by the Projects enumerated above, including the following activities: (i) expansion of commercial facilities/automobile dealership (Tustin Street Project); (ii) support for affordable housing for disabled persons (Tustin Street Project); (iii) public improvements within and in proximity to project areas (Southwest Redevelopment Project; Tustin Street Project); (iv) sale of land with Agency assistance and issuance of tax-exempt multifamily revenue housing bonds in connection with a fifty-unit senior housing project located within the Southwest Redevelopment Project Area (Southwest Redevelopment Project); (v) assistance to expansion of commercial facilities within the Tustin Street Project Area as part of a grant and loan program (Tustin Street Project); (vi) assistance to upgrade mobilehomes adjacent to Tustin Street Project (Tustin Street Project). The existing Redevelopment Plans and Amendments as well as the proposed Redevelopment Plans are enclosed for your information. Lists of public improvements are included in the proposed Redevelopment Plans, and include development of a police facility, library, utility undergrounding, and general infrastructure improvements (storm drains, sewers, streets, provision of medians). Arterial streets, such as Chapman Avenue, Batavia, Main, Katella and Tustin, may be improved both within and outside the proposed Project Areas where the Project Areas would be benefitted.

The existing areas ("Original Tustin", "Original Southwest", and "Southwest/Amendment No. 1") as well as the proposed areas ("Tustin Amendment", "Southwest/Amendment No. 2" and "Northwest") are depicted on the enclosed map. Projects in which Councilmembers/Agencymembers or Planning Commissioners held interests are depicted on the same map, and are enumerated on the disclosure forms recently filed by those officials (see statements of Economic Interest, Form 721, copies of which are enclosed).

The members of the Orange City Council also serve as the governing board of the Orange Redevelopment Agency. They have appointed five other persons who serve as Planning Commissioners for the City, and who, in that capacity would participate in certain decisions relative to the contemplated redevelopment plan adoptions and amendments.

The undersigned desires to have the FPPC respond to the following questions:

1. With respect to each of the Planning Commissioners identified in this letter, may they hereafter participate in discussions and decisions as follows:

- (a) modifying project area boundaries;
- (b) approving or amending a preliminary plan;
- (c) evaluating proposed redevelopment plans and amendments for each of the projects enumerated in this letter; and
- (d) recommending approval or disapproval of the proposed redevelopment plans or amendments?

2. With respect to each of the Councilmembers/Agency members identified in this letter, may they hereafter participate in discussions and decisions as follows:

- (a) selecting a project area committee (or replacement members in the event of resignations) or appointment of members to committees to study redevelopment;
- (b) approving owner participation rules, relocation plan, and calling for a joint public hearing to consider adoption of the respective redevelopment plans and amendments;
- (c) adoption of the respective redevelopment plans and amendments?

Mayor Perez

Mayor Jess Perez is the principal member of Jess Perez and Associates, Architects ("JPA"). The nature of Mayor Perez's firm and some of its ongoing engagements with one of the major landowners/commercial center operators within the Southwest Project Area (Tishman West) were earlier considered by your office; see Advice Letter No. A-86-161, a copy of which is enclosed. Mayor Perez desires to continue to accept professional employment with Tishman on the basis described in Advice Letter No. A-86-161. The office of Mayor Perez's architectural firm was recently moved to Tustin Street, a site located within the Tustin Street Redevelopment Project; the rental agreement for rental on a month-to-month basis, with rent of \$690 per month payable at a rate consistent with that base rent charged by the property owner to other tenants. The landlord is Interstate Consolidated Industries, a California corporation ("ICI"); ICI is a developer active in redevelopment areas. ICI has received assistance from the Agency in connection with redevelopment activities within the Tustin Street Redevelopment Project Area; Mayor Perez has not participated in the consideration of such matters involving ICI and the Agency. Mayor Perez's firm has provided architectural services for at least two developments located within the Tustin Street Project Area, and in connection with each such engagement has received fees in excess of \$10,000.

Mayor Perez's firm (JPA) has also been retained by Adray's, a retail outlet located within the Southwest Redevelopment Project and that is seeking Agency financial assistance. Mayor Perez has not participated in an official capacity in Agency deliberations concerning Adray's. Another business within the Southwest Redevelopment Project Area has retained JPA to prepare conceptual plans for a possible rehabilitation of a commercial facility; the owner of that business has made initial, tentative inquiries concerning whether there are Agency funds available to assist in the rehabilitation of his business. There are other business operators within the Southwest Project Area who have discussed with representatives of JPA concerning possible retention of the firm for the provisions of architectural services.

Mayor Perez resides outside any existing or proposed redevelopment project area.

Mayor Pro Tem Smith

Mayor Pro Tem Smith is the proprietor of a realty office located at 702 East Chapman Avenue, Orange. Mayor Pro Tem Smith employs no sales people through his realty office, and has not listed any property for sale within the preceding twelve months. He is not active as a realtor at the present time, although he does not want to preclude his right to do business.

Mayor Pro Tem Smith holds interests in and receives income from various parcels of real property. For your reference, enclosed is a map upon which the various properties are designated by numbers and upon which the boundaries of the existing and proposed Project Areas are depicted, with a key which correlates the numbers of properties with a brief description of the nature of interest held.

Councilmember Barrera

Commissioner Fred Barrera is owner and lessor of a convenience commercial center at 905 West Chapman Avenue, which is situated within the Southeast Redevelopment Project (Amendment No. 1). Councilmember Barrera will receive income in excess of \$10,000 per year from the lease of such property to an established developer and operator of convenience centers. The reversionary interest in such property has not been appraised, but is estimated to have a value in excess of \$10,000.

Commissioner Barrera is a member of the Board of Directors of Orange National Bank (the "Bank"), and receives a stipend of over \$250 per year in that capacity. In addition, he owns stock in the Bank, with a value in excess of \$10,000. The Bank owns real property approximately one mile outside the Tustin Street Redevelopment Project having a value of over \$100,000. The Bank also leases a branch office located within the Southwest Redevelopment Project Area.

Except as described above, the only other interest in property of Councilmember Barrera within the City of Orange is his personal residence.

Councilmember Beyer

Councilmember Gene Beyer, who recently retired from employment as a principal within the Orange Unified School District. He holds stock in the Bank having a market value of approximately \$750. Councilmember Beyer owns a one-quarter interest in a single-family residence located at 528 South Glassell, which is outside but within a few blocks of the southerly boundary of the Southwest Redevelopment Project Area; the value of that property is estimated to be \$125,000. Councilmember Beyer has an investment valued at over \$10,000 in piggy-back trailers, which are leased to railroads. Councilmember Beyer has no control over or knowledge as to the whereabouts of the piggy-back trailers, but it is possible that the trailers could pass through the City of Orange at some time.

Commissioner Bosch

Planning Commissioner Randy Bosch, who assumed office January 20, 1987, is an equity participant and shares at the rate of sixteen percent (16%) in profits of an architectural firm, Rowland & Associates. His firm undertakes various private engagements, particularly concerning industrial developments. Within the past 12 months, Commissioner Bosch's firm has entered into a contract with a property owner within the proposed Northwest Project Area for the provision of architectural services. As a result of that contract, Commissioner Bosch's firm will receive a fee of approximately \$170,000. Rowland & Associates has performed work within the Southwest Redevelopment Project Area for the County of Orange and for the University of California. Except for completion of the work within the Northwest Project Area, Commissioner Bosch's firm has received no commitments for work within any of the existing or proposed redevelopment project areas. There will be no effect upon Commissioner Bosch's compensation or the compensation payable to his firm by the property owner whether the Planning Commission, Agency or City Council establish a Project Area including the proposed Northwest Area.

Commissioner Bosch owns stock valued at over \$10,000 in Union Pacific Corporation, and stock worth over \$1,000 in and of Tenneco, Inc. and Texas Eastern Corporation (two companies in the energy production field). Commissioner Bosch does not participate in management of these corporations. He does not know whether any of these corporations holds any interests in the City of Orange.

Commissioner Bosch does not own any real property within the City of Orange other than his personal residence, which is located approximately two miles from the easterly boundary of the Tustin Street Project. Commissioner Bosch is a member of the Board of Directors of the local chapter of the YMCA, a non-profit corporation. The YMCA owns and operates a building located within the area proposed to be added to the Tustin Street Redevelopment Project, providing recreational programs and facilities.

Commissioner Greek

Commissioner Don Greek is a principal in Don Greek & Associates, a civil engineering firm. Mr. Greek's firm has ongoing professional relationships based principally upon work done within the City limits with certain major developers or property owners who have buildings within each of the proposed areas. Such contractual engagements include the following:

- (i) Southwest (clients: Nexus Development, Inc., a substantial amount of work on an ongoing basis. Nexus has developed major office facilities and may proceed with other development within area proposed to be added to the Southwest Redevelopment Project Area; Interstate Consolidated Industries, a California corporation ("ICI") -- occasional work inside and outside the City of Orange, including the Tustin Street Project Area, and ongoing engineering work for a shopping center owned by ICI located outside the city limits. ICI has, within the past two years, developed various neighborhood commercial centers within the Tustin Street Project Area; engineering for Adray's, a retail outlet presently located within and considering expansion within the Southeast Redevelopment Project Area; Tishman West, a major landowner/commercial and office operator within the Southwest Project Area, which retains Commissioner Greek's firm on an occasional basis for engineering services);
- (ii) Northwest (client: R.J. Noble; prepared legal description of property proposed to be annexed to the City of Orange on behalf of R.J. Noble, a major property owner. It is anticipated that the R. J. Noble property will not be included within the Northwest Project Area boundaries to be ultimately considered for adoption) and Delta Development, a real estate developer which developed an industrial subdivision located within the proposed project area; fees of over \$10,000 within the past year for engineering services);
- (iii) Tustin Street (client: ICI; work is described above).

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Except for continuation of work underway, Commissioner Greek's firm does not have specific commitments from the foregoing landowners or otherwise to perform work within the existing or proposed project areas. However, Commissioner Greek would seek to elicit for his firm additional work from established clients, and desires to leave open the possibility of other professional engagements which may from time to time arise inside or outside redevelopment project areas.

Commissioner Greek's residence within the City of Orange is located approximately two miles east of the eastern border of the Tustin Street Project. He also owns a vacant parcel of land near his residence.

#### Commissioner Hart

Commissioner David Hart is the sole proprietor of a real estate brokerage. Commissioner Hart indicates that the last commission he received in connection with the sale of any property located within an existing or proposed project area was received in 1983. He further indicates that he has not been promised any commissions in connection with any transaction within an existing or proposed project area. He desires to continue with his real estate business, and, as the Agency proceeds with implementation of the respective Redevelopment Plans, would disqualify himself from participating in particular items which may directly affect property owners who constitute sources of income to Commissioner Hart. He holds a deed of trust for an amount of less than \$5,000 on property located within the existing Southwest Redevelopment Project Area; he receives more than \$250 per year based upon a promissory note so secured. In addition, he receives more than \$250 per year as dividends from the Bank, as well as interest earned as a depositor (on an interest-bearing checking account). The Bank's headquarters is located on Katella Avenue approximately one mile from the westerly boundary of the Tustin Street Project Area. The Bank additionally leases its branch offices located at Glassell and Chapman within the Southwest Redevelopment Project Area.

Commissioner Hart's residence, which is the only real property he owns which the City of Orange is located outside any existing or proposed Project Area.

Commissioner Master

Commissioner Carmine Master is the principal member of a consulting firm which advises businesses on control systems. Two of Commissioner Master's regular clients, each of which provided compensation of over \$250 within the past 12 months for professional services, own real property within the proposed Northwest Project Area. The amount of compensation payable to Commissioner Master from those engagements bears no relationship to whether the properties of the business owners involved are included within a redevelopment project area.

Commissioner Master additionally has an investment interest valued at over \$1,000 and less than \$10,000 in a limited partnership established by Public Storage for a mini-storage facility which is located within the proposed Northwest Project Area (see enclosed map, item #26).

Except as described above, Commissioner Master has no existing business arrangements which represent sources of income within the existing Project Areas or the areas proposed to be added by amendment.

The only real property within the City owned by Commissioner Master is his residence, which is located outside any existing or proposed Redevelopment Project Area.

Commissioner Scott

Commissioner Don Scott is a civil engineer, who works independently directly for his own clients; these clients are limited to public agencies. In addition, Commissioner Scott works on a regular basis as an independent contractor under hire to Don Greek & Associates. Commissioner Scott does not share in profits of Don Greek & Associates. In his capacity as a subcontractor under him with Don Greek & Associates, Commissioner Scott refrains from doing work on any jobs affecting land within the City of Orange.

Fair Political Practices Commission  
January 25, 1988  
Page Ten

The only real property which Commissioner Scott owns within the City of Orange is his residence, which is located outside any existing or proposed Project Area. Commissioner Scott has invested over \$10,000 in two limited partnerships managed by Golden Circle Investments, a real estate investment firm; he has no interest in Golden Circle Investments other than the two limited partnership investments. The two limited partnerships own real property outside the City of Orange. Golden Circle Investments leases an office which is situated within the Southwest Redevelopment Project Area.

If you desire any further information, please contact me at my office or call Mr. Mark Huebsch, Agency Special Counsel, at (714) 640-7035.

Very truly yours,

  
Furman B. Roberts  
City Attorney

Enclosures

1. Map
2. Statements of Economic Interests
3. Advice Letter No. A-86-161
4. Redevelopment Plans: Tustin Street, Southwest
5. Amendment No. 1 to Southwest Redevelopment Plan
6. Proposed Redevelopment (Northwest) and  
Proposed Amended Redevelopment Plans  
(Tustin Street and Southwest)

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INTERESTS IN REAL PROPERTY

(Key to Map)

MAP NO.	ADDRESS/LOCATION	MEMBER/PAGE*	TYPE INTEREST	INCOME
1	520-522 E. Sycamore Ave., Orange	Smith 7a, 11a	Ownership	Rent of about \$500 per month for each of two units; value over \$100,000.
2	302-304-316-318 N. Batavia, Orange	Smith 7a, 11a	Ownership	Nos. 2 and 3 together consist of 4 duplexes, each unit rents for about \$500 per month; value over \$100,000 (Nos. 2 and 3).
3	305, 306, 315, 317 E. Citrus, Orange	Smith 7a	Ownership	Approximately \$500 per month.
4	254-254-1/2-256 N. Grand Str., Orange	Smith 7a, 11a	Ownership	3 apartments rent month-to-month at about \$500 per month; value over \$100,000.
5	232 E. Katella, Orange	Smith 7a, 11a	Ownership	1 small house on commercially zoned lot; rents for about \$500 per month; value over \$100,000.
6	630 E. Walnut Avenue, Orange	Smith 7a, 11a	Ownership	Rental unit; value over \$100,000.
7	364-368 N. Harwood Str., Orange	Smith 7b, 11b	Ownership	Duplex; 2 units rental at \$500 month, each; value over \$100,000.

\* Page refers to corresponding page of Form 721.

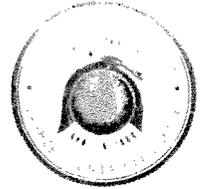
MAP NO.	ADDRESS/LOCATION	MEMBER/ PAGE*	TYPE INTEREST	INCOME
8	320-322-324-330-332-340-344-350-354- 356-358 S. Clark, Orange	Smith 7b, 11b	Ownership	Items 8, 9 & 10 consist collectively of 18 units, which rent for about \$400 per month; value over \$100,000.
9	820-824 W. Palmyra Avenue, Orange	Smith 7b, 11b	Ownership	Items 8, 9 & 10 consist collectively of 18 units, which rent for about \$400 per month; value over \$100,000.
10	302-308-312-316 S. Clark, Orange	Smith 7b, 11b	Ownership	Items 8, 9 & 10 consist collectively of 18 units, which rent for about \$400 per month; value over \$100,000.
11	531-541 E. Chapman Avenue, Orange	Smith 7b, 11b	Ownership	Office building with 6 separate offices. Total value about \$5,000 per month. Value over \$100,000.
12	530-532 E. Sycamore Str., Orange	Smith 7b, 11c	Ownership	2 houses which rent for slightly less than \$500 per month. Value over \$100,000.
13	605 E. Maple Avenue, Orange	Smith 7c, 11c	Ownership	Nos. 13 & 14 constitute 2 houses, which rent for about \$500 per month; value over \$100,000.
14	219 N. Cleveland, Orange	Smith 7c, 11c	Ownership	Nos. 13 & 14 constitute 2 houses, which rent for about \$500 per month; value over \$100,000.

MAP NO.	ADDRESS/LOCATION	MEMBER/ PAGE*	TYPE INTEREST	INCOME
15	1538-1540-1542-1544 E. Collins, Orange	Smith 7c, 11c	Ownership	Offices, which yield rents of about \$500 per month. Value over \$100,000.
16	307 S. Pixley Street, Orange	Smith 7a, 11c	Ownership	House, rented month-to-month for about \$500 per month. Value approximately \$150,000. Although zoning is R2, Mayor Pro Tem Smith has no intention to further develop the property.
17	123-125 S. Harwood, Orange	Smith 7c, 11c	Ownership	One unit is used as Mayor Pro Tem Smith's residence, in addition, there is one office plus one rental unit located above the garages. Value over \$100,000.
18	702 E. Chapman Avenue, Orange	Smith 7c, 11d	Ownership	Currently used as an office by Mayor Pro Tem Smith. He anticipates renting office unit. Value over \$100,000.

MAP NO.	ADDRESS/LOCATION	MEMBER/ PAGE*	TYPE INTEREST	INCOME
22	235-237-239 S. Cypress	Smith	Trust Deed	About \$61,000 balance remains.
23	275-277-279-281-283-285-287-289 N. Olive	Smith lle	Trust Deeds	Items 23 & 24 represent deeds of trust securing several hundred thousand dollars; some are first deeds of trust, others are in second position. Income over \$10,000 annually.
24	261-261-1/2-262-1/2 N. Olive	Smith lle	Trust Deeds	Items 23 & 24 represent deeds of trust securing several hundred thousand dollars; some are first deeds of trust, others are in second position. Income over \$10,000 annually.
25	905 W. Chapman	Barrera	Ownership	Annual rent over \$10,000 per years. Councilmember Barrera retains reversionary interest.
26	601 North Main	Master	Interest in partner- ship	Limited partnership, with interest worth more than \$1,000 but less than \$10,000.



# CITY OF ORANGE



APR 25 1988

ORANGE CIVIC CENTER • 300 EAST CHAPMAN AVENUE • ORANGE, CALIFORNIA 92666 • POST OFFICE BOX 449

CITY ATTORNEY

(714) 532-0351

April 25, 1988

Lilly Spitz, Esq.  
Legal Division  
Fair Political Practices Commission  
428 "J" Street, Suite 800  
• Sacramento, CA 95814

Re: FPPC File No. 88-051

Dear Ms. Spitz:

This letter is in response to your request for additional information regarding the economic interests of certain planning commissioners and councilmembers in the City of Orange. Based upon your letter of February 24, 1988, and subsequent telephone conversations between you and Agency Special Counsel, questionnaires were prepared for each commissioner and councilmember inquiring as to the specific information you requested. In addition, we have exercised due diligence by reviewing assessor parcel lists to identify real property owned by the persons and businesses that are sources of income to the public officials. This information as it relates to City Councilmembers is listed in the Appendices and illustrated on the enclosed map.

Outlined below are responses compiled from the above-referenced research to the questions directed to City Councilmembers that you posed in your February 24 letter. In some instances, the requested information is not known by, or available to, the individual City Councilmember, nor to me, nor

Lilly Spitz, Esq.  
April 25, 1988  
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to special counsel. In particular, the assessor parcel lists generally disclose fee interests only. Although we have inquired as to, and disclosed, any leasehold interests of which the City Councilmembers have knowledge, there may be interests in property held by sources of income that we have no means of discovering. Also enclosed are the 1988 statements of economic interest filed by the specified City Councilmembers.

Based on your conversation this morning with Barbara Zeid regarding the inability of the FPPC to respond to our request on or before the Planning Commission hearing of May 2, 1988, Agency Special Counsel and I have concluded that the determination as to the eligibility of the Planning Commissioners to participate in the redevelopment plan adoption decisions must be made inhouse. Therefore, we respectfully request your opinion as to the voting eligibility of the specified Councilmembers only and that you disregard my prior request as to the Planning Commissioners.

• Mayor Perez

1. Mayor Perez is the sole owner of Jess Perez and Associates (J.P.A.).

2. The owners of the development known as Village Walk located within the Tustin Street Project Area are individuals and businesses which fit within the category described in California Administrative Code, §18702.2(g). Mayor Perez states that he does not know, and has no reason to know, the sources of income to, or investments held by, these clients to which his firm has provided architectural services. The real property interests owned by these clients are listed in Appendix A and identified on the map enclosed.

3. The business located in the Southwest Project Area which has retained J.P.A. to prepare conceptual plans for possible rehabilitation of its commercial facility is also of the financial size described by Administrative Code, §18702.2(g). Mayor Perez states that he does not know, or have reason to know, of the investments held by, or the sources of income to, this business other than its retail income from its store located at 1705 West Chapman Avenue. This business leases its retail space. The owner of the business and his family own several properties in the City of Orange near the retail store. These properties are also listed in Appendix A.

Lilly Spitz, Esq.  
April 25, 1988  
Page Three

4. The business discussed in 3, above, and its legal counsel negotiated with the Agency Project Manager and Agency special counsel. At no time did Mayor Perez or any representative of J.P.A. participate in these negotiations. In addition, a substitute counsel member served in place of Mayor Perez on the economic development committee of the counsel whenever this business was discussed. Mayor Perez disqualified himself from any discussion regarding the business. This business changed its plans from rehabilitation project to a new business construction project. The business received no Agency funds or other assistance.

5. In addition to the business referenced above, J.P.A. has provided architectural services to a second business located in the Southwest Project Area. This business falls within the financial size characterized by §18702.2(g). The economic interests of this business are not known. Review of the assessor parcel lists disclosed no real property interests.

Mayor Pro Tem Smith

1. With the exception of the two tenants referred to below, Mayor Pro Tem Smith states that he does not have records of any of his several tenants' financial holdings and that he does not know, or have the capability to obtain, that information.

Tenant A is an individual who does business with Mayor Pro Tem Smith and owns property in a redevelopment project area as identified in Appendix B and illustrated on the enclosed map. Other economic interests are unknown.

Tenant B is a utility company that leases property from Mayor Pro Tem Smith. Its real property interests are also identified in Appendix B.

2. Item 20 is property located at 1944 East Mayfair, located on page 7c and 11d of the map enclosed in my original letter. Mayor Pro Tem Smith did have a trust deed interest in this property as set forth in his Form 721, but Mayor Pro Tem Smith indicates that this incumbrance has been cleared by payment. Mr. Smith also indicates that his trust deed interest in item 19, located at 122 West Almond, has been cleared by payment and that he no longer owns any interest in this property.

Lilly Spitz, Esq.  
April 25, 1988  
Page Four

In addition, when the numbers were assigned to the addresses on the map and corresponding key, the person who drafted the address sheet inadvertently omitted number 21. Therefore, this number does not exist.

Councilmember Barrera

1. Councilmember Barrera and his wife are the sole owners of the commercial center located at 905 West Chapman Avenue, in the Southwest Project Area.

2. The ground lease on this property is a 25 year lease executed on April 1, 1986. No information regarding the financial size or economic interests of the entity holding the lease are known. Councilmember Barrera does not know of and the search through the assessor parcel listing failed to disclose, any real property ownership interests in the City of Orange. Although he is unable to obtain any specific information regarding addresses or precise legal interests, Councilmember Barrera believes that the lessee of his property has other leasehold interests in the City of Orange. Although he is unable to obtain any specific information regarding addresses or precise legal interests, Councilmember Barrera believes that the lessee of his property has other leasehold interests in the City of Orange.

Councilmember Beyer

On or before March 30, 1988, Councilmember Beyer and his wife owned two 40-foot dry van intermodel trailers. However, as of March 30, 1988, the Beyer's sold all their right, title and interest in all such trailers to the Budd Financial Corporation, a Delaware corporation as evidenced by a Bill of Sale and Mutual Release dated March 30, 1988.

If you require any further information, please contact me at my office or call Mark Huebsch, Agency Special Counsel at (714) 640-7035. Consideration by the City Council of the proposed redevelopment plan and plan amendments is scheduled for June 1988. Because time is of the essence in determining

Lilly Spitz, Esq.  
April 25, 1988  
Page Five

the eligibility of the public officials to participate in the plan adoption process, your efforts and cooperation in responding to our request for advice in a timely manner are greatly appreciated.

Very truly yours,



FURMAN B. ROBERTS  
City Attorney,  
City of Orange

FBR:jak  
9539k/2359/00

Enclosures:

1. Appendices A-B
2. Map
3. 1988 Statements of Economic Interests

cc: Mark Huebsch, Esq.  
Barbara Zeid, Esq.

APPENDIX A

Property Owned by Sources of Income to  
Mayor Perez

VALENTINE, VERNON L.

<u>Parcel No.</u>	<u>Address</u>	<u>TFR Value</u>	<u>Taxable Value</u>	<u>Taxable Year</u>
375-391-37	1232 North Tustin St	Misc	536,080	1975
386-301-08	764 North Tustin St	Misc	634,441	1975
375-391-38	1158 North Tustin St	Misc	815,308	1975
375-011-04	1220 North Batavia	Misc	213,445	1975
375-161-01	632 Katella	NC/Gift	325,905	1977
375-161-02	610 Katella	Misc	419,438	1976
386-072-09	625 Chapman	Misc	225,396	1975
375-181-14	614 East Elizabeth Dr	Misc	78,511	1975

INTERSTATE CONSOLIDATED INDUSTRIES (ICI)

375-391-37	1140-1232 North Tustin Ave			not available
375-391-38	same			not available
375-391-39	1520-1632 East Katella Ave		512,531	1986
375-391-40	same		1,091,599	1987
375-391-41	same		678,753	1987
375-391-42	same		284,814	1987
375-532-01	1237-1275 North Tustin Ave		808,613	1987
375-532-02	1812 East Katella Ave		2,239,981	1985
375-541-27	1171-1191 North Tustin Ave		569,630	1987
374-242-01	1762-1776 North Tustin Ave		918,000	1986
390-491-27	1710-1712 East Chapman Ave		666,180	1983
094-052-02	2520-2642 East Chapman Ave 133 Yorba Street		3,752,000	1987

ADRAY & SONS

039-321-01	1835 West Chapman Ave		250,500	1987
039-321-02	1829 West Chapman Ave		260,000	1987
039-321-03	1815 West Chapman Ave		217,000	1987
039-321-04	NS		224,500	1987
039-321-33	1801 West Chapman Ave		480,000	1987

APPENDIX B

Property Owned by Sources of Income to  
Mayor Pro Tem Smith

STEVEN R. SMITH\*

<u>Parcel No.</u>	<u>Address</u>	<u>TFR Value</u>	<u>Taxable Value</u>	<u>Taxable Year</u>
378-142-23	2319 East Athens Ave		Exempt	
386-271-02	905 East Oakmont Ave		Exempt	
386-271-03	917 East Oakmont Ave		Exempt	
039-251-06	123 North Glassell St	Misc	78,201	1977
039-251-30	107 North Glassell St	Misc	438,464	1977
390-382-12	191 South Orange St	Misc	37,947	1975
390-391-05	239 Glassell St	29,000L	224,835	1980
386-313-14	1944 East Mayfair Ave	87,500L	100,355	1981
378-372-43	2309 East Collins Ave	32,500L	92,921	1982
390-652-04	235 South Cypress St	125,000F	116,731	1982
039-163-02	277 North Olive St	61,000	321,299	1986
039-163-03	261 North Olive St	38,000	181,559	1986
390-082-19	328 South Greengrove	21,000	102,591	1986
390-384-11	414 East Almond Ave	12,000	107,099	1986
378-142-23	2319 East Athens Ave	NC/Gift	112,199	1986
386-271-02	905 East Oakmont Ave	NC/Gift	112,199	1986
386-271-03	917 East Oakmont Ave	NC/Gift	112,199	1986

Mayor Pro Tem Smith states that he has no familial relationship to Steven R. Smith

Appendix B (Continued)

SOUTHERN CALIFORNIA EDISON\*\*

Property located in area within proposed Amendment No. 1 to Tustin Street  
Project Area:

Type of Interest

Improvements	\$501,030	1987-1988
Improvements	96,060	1987-1988
Improvements	33,450	1987-1988

Property located in area within proposed Northwest Project Area:

Land	\$1,441,500	1987-1988
Improvements	1,485,460	1987-1988
Improvements	428,150	1987-1988
Improvements	179,320	1987-1988
Land	2,850,000	1987-1988
Improvements	506,700	1987-1988
Improvements	3,220	1987-1988
Improvements	24,300	1987-1988
Improvements	2,580	1987-1988
Improvements	2,420	1987-1988
Improvements	7,550	1987-1988
Improvements	13,530	1987-1988

Property located in area within proposed Amendment No. 2 to Southwest Project  
Area:

Improvements	\$104,920	1987-1988
Improvements	90,330	1987-1988
Improvements	2,570	1987-1988
Improvements	730	1987-1988
Improvements	8,430	1987-1988

\*\* Source: State Board of Equalization; street addresses not available



# California Fair Political Practices Commission

January 29, 1988

Furman B. Roberts  
City Attorney  
P.O. Box 449  
Orange, CA 92666

Re: 88-051

Dear Mr. Roberts:

Your letter requesting advice under the Political Reform Act was received on January 28, 1988 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact Lilly Spitz, an attorney in the Legal Division, directly at (916) 322-5901.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or more information is needed, you should expect a response within 21 working days if your request seeks formal written advice. If more information is needed, the person assigned to prepare a response to your request will contact you shortly to advise you as to information needed. If your request is for informal assistance, we will answer it as quickly as we can. (See Commission Regulation 18329 (2 Cal. Code of Regs. Sec. 18329).)

You also should be aware that your letter and our response are public records which may be disclosed to the public upon receipt of a proper request for disclosure.

Very truly yours,

A handwritten signature in cursive script that reads "Diane M. Griffiths".

Diane M. Griffiths  
General Counsel

DMG:plh

# city of orange



incorporated 1888

orange civic center • 300 east chapman avenue • orange, california 92666

post office box 449

city attorney  
(714) 532-0351

January 25, 1988

Fair Political Practices Commission  
428 "J" Street, Suite 800  
Sacramento, CA 95814

Gentlemen:

The City of Orange and the Orange Redevelopment Agency are currently contemplating the continuation of proceedings for the adoption of a redevelopment plan and the amendment of two existing project areas. The proposed new project area, the "Northwest Project Area", if approved in the form initially presented by staff, would consist of approximately 1,679 acres, including a substantial portion of the industrial area of the City of Orange. One of the existing project areas, the Tustin Street Redevelopment Project Area, was established in November, 1983. The Tustin Street Project Area, originally consisting of approximately 363 acres of property principally devoted to commercial uses, is proposed to be amended as follows: (i) the addition of approximately 314 acres of additional property which area also principally devoted to commercial uses; (ii) an increase in each of the increment limit and the bonded indebtedness limit in the Plan; and (iii) addition to the list of public improvements for both of the originally-approved areas and the area proposed to be added.

The other existing project area, the Southwest Redevelopment Project Area, was established in 1984 with approximately 308 acres of mostly commercial and public/governmental uses, and was amended in 1986 to increase the increment limit, add permitted public improvements, and add approximately 458 acres to the Project Area. Staff anticipates that it will proceed with processing of an amendment which would: (i) add approximately 112 acres to the project area (of property zoned primarily for commercial/office uses); (ii) increase each of the tax increment and bonded indebtedness limits; and (iii) add to the list of public improvements.

Fair Political Practices Commission  
January 25, 1988  
Page Two

To date, the Orange Redevelopment Agency has proceeded with implementation of programs, supported by the Projects enumerated above, including the following activities: (i) expansion of commercial facilities/automobile dealership (Tustin Street Project); (ii) support for affordable housing for disabled persons (Tustin Street Project); (iii) public improvements within and in proximity to project areas (Southwest Redevelopment Project; Tustin Street Project); (iv) sale of land with Agency assistance and issuance of tax-exempt multifamily revenue housing bonds in connection with a fifty-unit senior housing project located within the Southwest Redevelopment Project Area (Southwest Redevelopment Project); (v) assistance to expansion of commercial facilities within the Tustin Street Project Area as part of a grant and loan program (Tustin Street Project); (vi) assistance to upgrade mobilehomes adjacent to Tustin Street Project (Tustin Street Project). The existing Redevelopment Plans and Amendments as well as the proposed Redevelopment Plans are enclosed for your information. Lists of public improvements are included in the proposed Redevelopment Plans, and include development of a police facility, library, utility undergrounding, and general infrastructure improvements (storm drains, sewers, streets, provision of medians). Arterial streets, such as Chapman Avenue, Batavia, Main, Katella and Tustin, may be improved both within and outside the proposed Project Areas where the Project Areas would be benefitted.

The existing areas ("Original Tustin", "Original Southwest", and "Southwest/Amendment No. 1") as well as the proposed areas ("Tustin Amendment", "Southwest/Amendment No. 2" and "Northwest") are depicted on the enclosed map. Projects in which Councilmembers/Agencymembers or Planning Commissioners held interests are depicted on the same map, and are enumerated on the disclosure forms recently filed by those officials (see statements of Economic Interest, Form 721, copies of which are enclosed).

The members of the Orange City Council also serve as the governing board of the Orange Redevelopment Agency. They have appointed five other persons who serve as Planning Commissioners for the City, and who, in that capacity would participate in certain decisions relative to the contemplated redevelopment plan adoptions and amendments.

Fair Political Practices Commission  
January 25, 1988  
Page Three

The undersigned desires to have the FPPC respond to the following questions:

1. With respect to each of the Planning Commissioners identified in this letter, may they hereafter participate in discussions and decisions as follows:
  - (a) modifying project area boundaries;
  - (b) approving or amending a preliminary plan;
  - (c) evaluating proposed redevelopment plans and amendments for each of the projects enumerated in this letter; and
  - (d) recommending approval or disapproval of the proposed redevelopment plans or amendments?
  
2. With respect to each of the Councilmembers/Agency members identified in this letter, may they hereafter participate in discussions and decisions as follows:
  - (a) selecting a project area committee (or replacement members in the event of resignations) or appointment of members to committees to study redevelopment;
  - (b) approving owner participation rules, relocation plan, and calling for a joint public hearing to consider adoption of the respective redevelopment plans and amendments;
  - (c) adoption of the respective redevelopment plans and amendments?

Mayor Perez

Mayor Jess Perez is the principal member of Jess Perez and Associates, Architects ("JPA"). The nature of Mayor Perez's firm and some of its ongoing engagements with one of the major landowners/commercial center operators within the Southwest Project Area (Tishman West) were earlier considered by your office; see Advice Letter No. A-86-161, a copy of which is enclosed. Mayor Perez desires to continue to accept professional employment with Tishman on the basis described in Advice Letter No. A-86-161. The office of Mayor Perez's architectural firm was recently moved to Tustin Street, a site located within the Tustin Street Redevelopment Project; the rental agreement for rental on a month-to-month basis, with rent of \$690 per month payable at a rate consistent with that base rent charged by the property owner to other tenants. The landlord is Interstate Consolidated Industries, a California corporation ("ICI"); ICI is a developer active in redevelopment areas. ICI has received assistance from the Agency in connection with redevelopment activities within the Tustin Street Redevelopment Project Area; Mayor Perez has not participated in the consideration of such matters involving ICI and the Agency. Mayor Perez's firm has provided architectural services for at least two developments located within the Tustin Street Project Area, and in connection with each such engagement has received fees in excess of \$10,000.

Mayor Perez's firm (JPA) has also been retained by Adray's, a retail outlet located within the Southwest Redevelopment Project and that is seeking Agency financial assistance. Mayor Perez has not participated in an official capacity in Agency deliberations concerning Adray's. Another business within the Southwest Redevelopment Project Area has retained JPA to prepare conceptual plans for a possible rehabilitation of a commercial facility; the owner of that business has made initial, tentative inquiries concerning whether there are Agency funds available to assist in the rehabilitation of his business. There are other business operators within the Southwest Project Area who have discussed with representatives of JPA concerning possible retention of the firm for the provisions of architectural services.

Mayor Perez resides outside any existing or proposed redevelopment project area.

Mayor Pro Tem Smith

Mayor Pro Tem Smith is the proprietor of a realty office located at 702 East Chapman Avenue, Orange. Mayor Pro Tem Smith employs no sales people through his realty office, and has not listed any property for sale within the preceding twelve months. He is not active as a realtor at the present time, although he does not want to preclude his right to do business.

Mayor Pro Tem Smith holds interests in and receives income from various parcels of real property. For your reference, enclosed is a map upon which the various properties are designated by numbers and upon which the boundaries of the existing and proposed Project Areas are depicted, with a key which correlates the numbers of properties with a brief description of the nature of interest held.

Councilmember Barrera

Commissioner Fred Barrera is owner and lessor of a convenience commercial center at 905 West Chapman Avenue, which is situated within the Southeast Redevelopment Project (Amendment No. 1). Councilmember Barrera will receive income in excess of \$10,000 per year from the lease of such property to an established developer and operator of convenience centers. The reversionary interest in such property has not been appraised, but is estimated to have a value in excess of \$10,000.

Commissioner Barrera is a member of the Board of Directors of Orange National Bank (the "Bank"), and receives a stipend of over \$250 per year in that capacity. In addition, he owns stock in the Bank, with a value in excess of \$10,000. The Bank owns real property approximately one mile outside the Tustin Street Redevelopment Project having a value of over \$100,000. The Bank also leases a branch office located within the Southwest Redevelopment Project Area.

Except as described above, the only other interest in property of Councilmember Barrera within the City of Orange is his personal residence.

Councilmember Beyer

Councilmember Gene Beyer, who recently retired from employment as a principal within the Orange Unified School District. He holds stock in the Bank having a market value of approximately \$750. Councilmember Beyer owns a one-quarter interest in a single-family residence located at 528 South Glassell, which is outside but within a few blocks of the southerly boundary of the Southwest Redevelopment Project Area; the value of that property is estimated to be \$125,000. Councilmember Beyer has an investment valued at over \$10,000 in piggy-back trailers, which are leased to railroads. Councilmember Beyer has no control over or knowledge as to the whereabouts of the piggy-back trailers, but it is possible that the trailers could pass through the City of Orange at some time.

Commissioner Bosch

Planning Commissioner Randy Bosch, who assumed office January 20, 1987, is an equity participant and shares at the rate of sixteen percent (16%) in profits of an architectural firm, Rowland & Associates. His firm undertakes various private engagements, particularly concerning industrial developments. Within the past 12 months, Commissioner Bosch's firm has entered into a contract with a property owner within the proposed Northwest Project Area for the provision of architectural services. As a result of that contract, Commissioner Bosch's firm will receive a fee of approximately \$170,000. Rowland & Associates has performed work within the Southwest Redevelopment Project Area for the County of Orange and for the University of California. Except for completion of the work within the Northwest Project Area, Commissioner Bosch's firm has received no commitments for work within any of the existing or proposed redevelopment project areas. There will be no effect upon Commissioner Bosch's compensation or the compensation payable to his firm by the property owner whether the Planning Commission, Agency or City Council establish a Project Area including the proposed Northwest Area.

Commissioner Bosch owns stock valued at over \$10,000 in Union Pacific Corporation, and stock worth over \$1,000 in and of Tenneco, Inc. and Texas Eastern Corporation (two companies in the energy production field). Commissioner Bosch does not participate in management of these corporations. He does not know whether any of these corporations holds any interests in the City of Orange.

Commissioner Bosch does not own any real property within the City of Orange other than his personal residence, which is located approximately two miles from the easterly boundary of the Tustin Street Project. Commissioner Bosch is a member of the Board of Directors of the local chapter of the YMCA, a non-profit corporation. The YMCA owns and operates a building located within the area proposed to be added to the Tustin Street Redevelopment Project, providing recreational programs and facilities.

Commissioner Greek

Commissioner Don Greek is a principal in Don Greek & Associates, a civil engineering firm. Mr. Greek's firm has ongoing professional relationships based principally upon work done within the City limits with certain major developers or property owners who have buildings within each of the proposed areas. Such contractual engagements include the following: (i) Southwest (clients: Nexus Development, Inc., a substantial amount of work on an ongoing basis. Nexus has developed major office facilities and may proceed with other development within area proposed to be added to the Southwest Redevelopment Project Area; Interstate Consolidated Industries, a California corporation ("ICI") -- occasional work inside and outside the City of Orange, including the Tustin Street Project Area, and ongoing engineering work for a shopping center owned by ICI located outside the city limits. ICI has, within the past two years, developed various neighborhood commercial centers within the Tustin Street Project Area; engineering for Adray's, a retail outlet presently located within and considering expansion within the Southeast Redevelopment Project Area; Tishman West, a major landowner/commercial and office operator within the Southwest Project Area, which retains Commissioner Greek's firm on an occasional basis for engineering services); (ii) Northwest (client: R.J. Noble; prepared legal description of property proposed to be annexed to the City of Orange on behalf of R.J. Noble, a major property owner. It is anticipated that the R. J. Noble property will not be included within the Northwest Project Area boundaries to be ultimately considered for adoption) and Delta Development, a real estate developer which developed an industrial subdivision located within the proposed project area; fees of over \$10,000 within the past year for engineering services); (iii) Tustin Street (client: ICI; work is described above).

Except for continuation of work underway, Commissioner Greek's firm does not have specific commitments from the foregoing landowners or otherwise to perform work within the existing or proposed project areas. However, Commissioner Greek would seek to elicit for his firm additional work from established clients, and desires to leave open the possibility of other professional engagements which may from time to time arise inside or outside redevelopment project areas.

Commissioner Greek's residence within the City of Orange is located approximately two miles east of the eastern border of the Tustin Street Project. He also owns a vacant parcel of land near his residence.

Commissioner Hart

Commissioner David Hart is the sole proprietor of a real estate brokerage. Commissioner Hart indicates that the last commission he received in connection with the sale of any property located within an existing or proposed project area was received in 1983. He further indicates that he has not been promised any commissions in connection with any transaction within an existing or proposed project area. He desires to continue with his real estate business, and, as the Agency proceeds with implementation of the respective Redevelopment Plans, would disqualify himself from participating in particular items which may directly affect property owners who constitute sources of income to Commissioner Hart. He holds a deed of trust for an amount of less than \$5,000 on property located within the existing Southwest Redevelopment Project Area; he receives more than \$250 per year based upon a promissory note so secured. In addition, he receives more than \$250 per year as dividends from the Bank, as well as interest earned as a depositor (on an interest-bearing checking account). The Bank's headquarters is located on Katella Avenue approximately one mile from the westerly boundary of the Tustin Street Project Area. The Bank additionally leases its branch offices located at Glassell and Chapman within the Southwest Redevelopment Project Area.

Commissioner Hart's residence, which is the only real property he owns which the City of Orange is located outside any existing or proposed Project Area.

Commissioner Master

Commissioner Carmine Master is the principal member of a consulting firm which advises businesses on control systems. Two of Commissioner Master's regular clients, each of which provided compensation of over \$250 within the past 12 months for professional services, own real property within the proposed Northwest Project Area. The amount of compensation payable to Commissioner Master from those engagements bears no relationship to whether the properties of the business owners involved are included within a redevelopment project area.

Commissioner Master additionally has an investment interest valued at over \$1,000 and less than \$10,000 in a limited partnership established by Public Storage for a mini-storage facility which is located within the proposed Northwest Project Area (see enclosed map, item #26).

Except as described above, Commissioner Master has no existing business arrangements which represent sources of income within the existing Project Areas or the areas proposed to be added by amendment.

The only real property within the City owned by Commissioner Master is his residence, which is located outside any existing or proposed Redevelopment Project Area.

Commissioner Scott

Commissioner Don Scott is a civil engineer, who works independently directly for his own clients; these clients are limited to public agencies. In addition, Commissioner Scott works on a regular basis as an independent contractor under hire to Don Greek & Associates. Commissioner Scott does not share in profits of Don Greek & Associates. In his capacity as a subcontractor under him with Don Greek & Associates, Commissioner Scott refrains from doing work on any jobs affecting land within the City of Orange.

Fair Political Practices Commission  
January 25, 1988  
Page Ten

The only real property which Commissioner Scott owns within the City of Orange is his residence, which is located outside any existing or proposed Project Area. Commissioner Scott has invested over \$10,000 in two limited partnerships managed by Golden Circle Investments, a real estate investment firm; he has no interest in Golden Circle Investments other than the two limited partnership investments. The two limited partnerships own real property outside the City of Orange. Golden Circle Investments leases an office which is situated within the Southwest Redevelopment Project Area.

If you desire any further information, please contact me at my office or call Mr. Mark Huebsch, Agency Special Counsel, at (714) 640-7035.

Very truly yours,

  
Furman B. Roberts  
City Attorney

Enclosures

1. Map
2. Statements of Economic Interests
3. Advice Letter No. A-86-161
4. Redevelopment Plans: Tustin Street, Southwest
5. Amendment No. 1 to Southwest Redevelopment Plan
6. Proposed Redevelopment (Northwest) and  
Proposed Amended Redevelopment Plans  
(Tustin Street and Southwest)

INTERESTS IN REAL PROPERTY

(Key to Map)

MAP NO.	ADDRESS/LOCATION	MEMBER/PAGE*	TYPE INTEREST	INCOME
1	520-522 E. Sycamore Ave., Orange	Smith 7a, 11a	Ownership	Rent of about \$500 per month for each of two units; value over \$100,000.
2	302-304-316-318 N. Batavia, Orange	Smith 7a, 11a	Ownership	Nos. 2 and 3 together consist of 4 duplexes, each unit rents for about \$500 per month; value over \$100,000 (Nos. 2 and 3).
3	305, 306, 315, 317 E. Citrus, Orange	Smith 7a	Ownership	Approximately \$500 per month.
4	254-254-1/2-256 N. Grand Str., Orange	Smith 7a, 11a	Ownership	3 apartments rent month-to-month at about \$500 per month; value over \$100,000.
5	232 E. Katella, Orange	Smith 7a, 11a	Ownership	1 small house on commercially zoned lot; rents for about \$500 per month; value over \$100,000.
6	630 E. Walnut Avenue, Orange	Smith 7a, 11a	Ownership	Rental unit; value over \$100,000.
7	364-368 N. Harwood Str., Orange	Smith 7b, 11b	Ownership	Duplex; 2 units rental at \$500 month, each; value over \$100,000.

\* Page refers to corresponding page of Form 721.

MAP NO.	ADDRESS/LOCATION	MEMBER/ PAGE*	TYPE INTEREST	INCOME
8	320-322-324-330-332-340-344-350-354- 356-358 S. Clark, Orange	Smith 7b, 11b	Ownership	Items 8, 9 & 10 consist collectively of 18 units, which rent for about \$400 per month; value over \$100,000.
9	820-824 W. Palmyra Avenue, Orange	Smith 7b, 11b	Ownership	Items 8, 9 & 10 consist collectively of 18 units, which rent for about \$400 per month; value over \$100,000.
10	302-308-312-316 S. Clark, Orange	Smith 7b, 11b	Ownership	Items 8, 9 & 10 consist collectively of 18 units, which rent for about \$400 per month; value over \$100,000.
11	531-541 E. Chapman Avenue, Orange	Smith 7b, 11b	Ownership	Office building with 6 separate offices. Total value about \$5,000 per month. Value over \$100,000.
12	530-532 E. Sycamore Str., Orange	Smith 7b, 11c	Ownership	2 houses which rent for slightly less than \$500 per month. Value over \$100,000.
13	605 E. Maple Avenue, Orange	Smith 7c, 11c	Ownership	Nos. 13 & 14 constitute 2 houses, which rent for about \$500 per month; value over \$100,000.
14	219 N. Cleveland, Orange	Smith 7c, 11c	Ownership	Nos. 13 & 14 constitute 2 houses, which rent for about \$500 per month; value over \$100,000.

MAP NO.	ADDRESS/LOCATION	MEMBER/ PAGE*	TYPE INTEREST	INCOME
15	1538-1540-1542-1544 E. Collins, Orange	Smith 7c, 11c	Ownership	Offices, which yield rents of about \$500 per month. Value over \$100,000.
16	307 S. Pixley Street, Orange	Smith 7a, 11c	Ownership	House, rented month-to-month for about \$500 per month. Value approximately \$150,000. Although zoning is R2, Mayor Pro Tem Smith has no intention to further develop the property.
17	123-125 S. Harwood, Orange	Smith 7c, 11c	Ownership	One unit is used as Mayor Pro Tem Smith's residence, in addition, there is one office plus one rental unit located above the garages. Value over \$100,000.
18	702 E. Chapman Avenue, Orange	Smith 7c, 11d	Ownership	Currently used as an office by Mayor Pro Tem Smith. He anticipates renting office unit. Value over \$100,000.

MAP NO.	ADDRESS/LOCATION	MEMBER/ PAGE*	TYPE INTEREST	INCOME
22	235-237-239 S. Cypress	Smith	Trust Deed	About \$61,000 balance remains.
23	275-277-279-281-283-285-287-289 N. Olive	Smith lle	Trust Deeds	Items 23 & 24 represent deeds of trust securing several hundred thousand dollars; some are first deeds of trust, others are in second position. Income over \$10,000 annually.
24	261-261-1/2-262-1/2 N. Olive	Smith lle	Trust Deeds	Items 23 & 24 represent deeds of trust securing several hundred thousand dollars; some are first deeds of trust, others are in second position. Income over \$10,000 annually.
25	905 W. Chapman	Barrera	Ownership	Annual rent over \$10,000 per years. Councilmember Barrera retains reversionary interest.
26	601 North Main	Master	Interest in partner- ship	Limited partnership, with interest worth more than \$1,000 but less than \$10,000.

FEB 3 2 00 PM '88

# city of orange



incorporated 1888

orange civic center • 300 east chapman avenue • orange, california 92666  
post office box 449

city attorney  
(714) 532-0351

DATE: February 1, 1988

TO: Patsy Hayes  
c/o FPFC

RE: City Attorney Letter dated January 25, 1988

- For your information and file.
- Please execute and return to us.
- Please review and comment.
- Per your telephone request of today.
- Other: Sorry for the inconvenience.

ENCLOSURES:

Yours truly,

FURMAN B. ROBERTS, CITY ATTORNEY

By Andrea  
Andrea J. Rich  
Secretary to City Attorney

FEB 11 1988



# CITY OF ORANGE

APR 25 8 55 AM '88



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ORANGE CIVIC CENTER • 300 EAST CHAPMAN AVENUE • ORANGE, CALIFORNIA 92666 • POST OFFICE BOX 449

CITY ATTORNEY

(714) 532-0351

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April 25, 1988

Lilly Spitz, Esq.  
Legal Division  
Fair Political Practices Commission  
428 "J" Street, Suite 800  
Sacramento, CA 95814

Re: FPPC File No. 88-051

Dear Ms. Spitz:

This letter is in response to your request for additional information regarding the economic interests of certain planning commissioners and councilmembers in the City of Orange. Based upon your letter of February 24, 1988, and subsequent telephone conversations between you and Agency Special Counsel, questionnaires were prepared for each commissioner and councilmember inquiring as to the specific information you requested. In addition, we have exercised due diligence by reviewing assessor parcel lists to identify real property owned by the persons and businesses that are sources of income to the public officials. This information as it relates to City Councilmembers is listed in the Appendices and illustrated on the enclosed map.

Outlined below are responses compiled from the above-referenced research to the questions directed to City Councilmembers that you posed in your February 24 letter. In some instances, the requested information is not known by, or available to, the individual City Councilmember, nor to me, nor

Lilly Spitz, Esq.  
April 25, 1988  
Page Two

to special counsel. In particular, the assessor parcel lists generally disclose fee interests only. Although we have inquired as to, and disclosed, any leasehold interests of which the City Councilmembers have knowledge, there may be interests in property held by sources of income that we have no means of discovering. Also enclosed are the 1988 statements of economic interest filed by the specified City Councilmembers.

Based on your conversation this morning with Barbara Zeid regarding the inability of the FPCC to respond to our request on or before the Planning Commission hearing of May 2, 1988, Agency Special Counsel and I have concluded that the determination as to the eligibility of the Planning Commissioners to participate in the redevelopment plan adoption decisions must be made inhouse. Therefore, we respectfully request your opinion as to the voting eligibility of the specified Councilmembers only and that your disregard my prior request as to the Planning Commissioners.

Mayor Perez

1. Mayor Perez is the sole owner of Jess Perez and Associates (J.P.A.).

2. The owners of the development known as Village Walk located within the Tustin Street Project Area are individuals and businesses which fit within the category described in California Administrative Code, §18702.2(g). Mayor Perez states that he does not know, and has no reason to know, the sources of income to, or investments held by, these clients to which his firm has provided architectural services. The real property interests owned by these clients are listed in Appendix A and identified on the map enclosed.

3. The business located in the Southwest Project Area which has retained J.P.A. to prepare conceptual plans for possible rehabilitation of its commercial facility is also of the financial size described by Administrative Code, §18702.2(g). Mayor Perez states that he does not know, or have reason to know, of the investments held by, or the sources of income to, this business other than its retail income from its store located at 1705 West Chapman Avenue. This business leases its retail space. The owner of the business and his family own several properties in the City of Orange near the retail store. These properties are also listed in Appendix A.

Lilly Spitz, Esq.  
April 25, 1988  
Page Three

4. The business discussed in 3, above, and its legal counsel negotiated with the Agency Project Manager and Agency special counsel. At no time did Mayor Perez or any representative of J.P.A. participate in these negotiations. In addition, a substitute counsel member served in place of Mayor Perez on the economic development committee of the counsel whenever this business was discussed. Mayor Perez disqualified himself from any discussion regarding the business. This business changed its plans from rehabilitation project to a new business construction project. The business received no Agency funds or other assistance.

5. In addition to the business referenced above, J.P.A. has provided architectural services to a second business located in the Southwest Project Area. This business falls within the financial size characterized by §18702.2(g). The economic interests of this business are not known. Review of the assessor parcel lists disclosed no real property interests.

#### Mayor Pro Tem Smith

1. With the exception of the two tenants referred to below, Mayor Pro Tem Smith states that he does not have records of any of his several tenants' financial holdings and that he does not know, or have the capability to obtain, that information.

Tenant A is an individual who does business with Mayor Pro Tem Smith and owns property in a redevelopment project area as identified in Appendix B and illustrated on the enclosed map. Other economic interests are unknown.

Tenant B is a utility company that leases property from Mayor Pro Tem Smith. Its real property interests are also identified in Appendix B.

2. Item 20 is property located at 1944 East Mayfair, located on page 7c and 11d of the map enclosed in my original letter. Mayor Pro Tem Smith did have a trust deed interest in this property as set forth in his Form 721, but Mayor Pro Tem Smith indicates that this incumbrance has been cleared by payment. Mr. Smith also indicates that his trust deed interest in item 19, located at 122 West Almond, has been cleared by payment and that he no longer owns any interest in this property.

Lilly Spitz, Esq.  
April 25, 1988  
Page Four

In addition, when the numbers were assigned to the addresses on the map and corresponding key, the person who drafted the address sheet inadvertently omitted number 21. Therefore, this number does not exist.

Councilmember Barrera

1. Councilmember Barrera and his wife are the sole owners of the commercial center located at 905 West Chapman Avenue, in the Southwest Project Area.

2. The ground lease on this property is a 25 year lease executed on April 1, 1986. No information regarding the financial size or economic interests of the entity holding the lease are known. Councilmember Barrera does not know of and the search through the assessor parcel listing failed to disclose, any real property ownership interests in the City of Orange. Although he is unable to obtain any specific information regarding addresses or precise legal interests, Councilmember Barrera believes that the lessee of his property has other leasehold interests in the City of Orange. Although he is unable to obtain any specific information regarding addresses or precise legal interests, Councilmember Barrera believes that the lessee of his property has other leasehold interests in the City of Orange.

Councilmember Beyer

On or before March 30, 1988, Councilmember Beyer and his wife owned two 40-foot dry van intermodel trailers. However, as of March 30, 1988, the Beyer's sold all their right, title and interest in all such trailers to the Budd Financial Corporation, a Delaware corporation as evidenced by a Bill of Sale and Mutual Release dated March 30, 1988.

If you require any further information, please contact me at my office or call Mark Huebsch, Agency Special Counsel at (714) 640-7035. Consideration by the City Council of the proposed redevelopment plan and plan amendments is scheduled for June 1988. Because time is of the essence in determining

Lilly Spitz, Esq.  
April 25, 1988  
Page Five

the eligibility of the public officials to participate in the plan adoption process, your efforts and cooperation in responding to our request for advice in a timely manner are greatly appreciated.

Very truly yours,



FURMAN B. ROBERTS  
City Attorney,  
City of Orange

FBR:jak  
9539k/2359/00  
Enclosures:

1. Appendices A-B
2. Map
3. 1988 Statements of Economic Interests

cc: Mark Huebsch, Esq.  
Barbara Zeid, Esq.

APPENDIX A

Property Owned by Sources of Income to  
Mayor Perez

VALENTINE, VERNON L.

<u>Parcel No.</u>	<u>Address</u>	<u>TFR Value</u>	<u>Taxable Value</u>	<u>Taxable Year</u>
375-391-37	1232 North Tustin St	Misc	536,080	1975
386-301-08	764 North Tustin St	Misc	634,441	1975
375-391-38	1158 North Tustin St	Misc	815,308	1975
375-011-04	1220 North Batavia	Misc	213,445	1975
375-161-01	632 Katella	NC/Gift	325,905	1977
375-161-02	610 Katella	Misc	419,438	1976
386-072-09	625 Chapman	Misc	225,396	1975
375-181-14	614 East Elizabeth Dr	Misc	78,511	1975

INTERSTATE CONSOLIDATED INDUSTRIES (ICI)

375-391-37	1140-1232 North Tustin Ave			not available
375-391-38	same			not available
375-391-39	1520-1632 East Katella Ave		512,531	1986
375-391-40	same		1,091,599	1987
375-391-41	same		678,753	1987
375-391-42	same		284,814	1987
375-532-01	1237-1275 North Tustin Ave		808,613	1987
375-532-02	1812 East Katella Ave		2,239,981	1985
375-541-27	1171-1191 North Tustin Ave		569,630	1987
374-242-01	1762-1776 North Tustin Ave		918,000	1986
390-491-27	1710-1712 East Chapman Ave		666,180	1983
094-052-02	2520-2642 East Chapman Ave 133 Yorba Street		3,752,000	1987

ADRAY & SONS

039-321-01	1835 West Chapman Ave		250,500	1987
039-321-02	1829 West Chapman Ave		260,000	1987
039-321-03	1815 West Chapman Ave		217,000	1987
039-321-04	NS		224,500	1987
039-321-33	1801 West Chapman Ave		480,000	1987

APPENDIX B

Property Owned by Sources of Income to  
Mayor Pro Tem Smith

STEVEN R. SMITH\*

<u>Parcel No.</u>	<u>Address</u>	<u>TFR Value</u>	<u>Taxable Value</u>	<u>Taxable Year</u>
378-142-23	2319 East Athens Ave		Exempt	
386-271-02	905 East Oakmont Ave		Exempt	
386-271-03	917 East Oakmont Ave		Exempt	
039-251-06	123 North Glassell St	Misc	78,201	1977
039-251-30	107 North Glassell St	Misc	438,464	1977
390-382-12	191 South Orange St	Misc	37,947	1975
390-391-05	239 Glassell St	29,000L	224,835	1980
386-313-14	1944 East Mayfair Ave	87,500L	100,355	1981
378-372-43	2309 East Collins Ave	32,500L	92,921	1982
390-652-04	235 South Cypress St	125,000F	116,731	1982
039-163-02	277 North Olive St	61,000	321,299	1986
039-163-03	261 North Olive St	38,000	181,559	1986
390-082-19	328 South Greengrove	21,000	102,591	1986
390-384-11	414 East Almond Ave	12,000	107,099	1986
378-142-23	2319 East Athens Ave	NC/Gift	112,199	1986
386-271-02	905 East Oakmont Ave	NC/Gift	112,199	1986
386-271-03	917 East Oakmont Ave	NC/Gift	112,199	1986

Mayor Pro Tem Smith states that he has no familial relationship to Steven R. Smith

Appendix B (Continued)

SOUTHERN CALIFORNIA EDISON\*\*

Property located in area within proposed Amendment No. 1 to Tustin Street  
Project Area:

Type of Interest

Improvements	\$501,030	1987-1988
Improvements	96,060	1987-1988
Improvements	33,450	1987-1988

Property located in area within proposed Northwest Project Area:

Land	\$1,441,500	1987-1988
Improvements	1,485,460	1987-1988
Improvements	428,150	1987-1988
Improvements	179,320	1987-1988
Land	2,850,000	1987-1988
Improvements	506,700	1987-1988
Improvements	3,220	1987-1988
Improvements	24,300	1987-1988
Improvements	2,580	1987-1988
Improvements	2,420	1987-1988
Improvements	7,550	1987-1988
Improvements	13,530	1987-1988

Property located in area within proposed Amendment No. 2 to Southwest Project  
Area:

Improvements	\$104,920	1987-1988
Improvements	90,330	1987-1988
Improvements	2,570	1987-1988
Improvements	730	1987-1988
Improvements	8,430	1987-1988

\*\* Source: State Board of Equalization; street addresses not available