



# **CITY COUNCIL AGENDA REPORT**

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MEETING DATE: APRIL 19, 2005

ITEM NUMBER:

**SUBJECT:** ALLOCATION OF IKEA PUBLIC PROJECT CONTRIBUTION

**DATE:** APRIL 7, 2005

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

**PRESENTATION BY:** DONALD D. LAMM, DEPUTY CITY MGR./DEV. SVS. DIRECTOR

**FOR FURTHER INFORMATION CONTACT:** WILLA BOUWENS-KILLEEN, PRINCIPAL PLANNER  
(714)754-5153

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## **RECOMMENDATION:**

Specify how the IKEA \$350,000 contribution is to be allocated, subject to the consent of the contributor.

## **BACKGROUND:**

On November 19, 2001, City Council approved the IKEA final master plan that included the following condition of approval:

- "18. Within six months of issuance of its Certificate of Occupancy, IKEA shall provide on-site public art valued at \$350,000.00 subject to prior City approval."

Staff is unsure of the origin of the condition of approval; City Council added the condition at IKEA's final hearing without discussion. IKEA expressed willingness to comply but did not know how to proceed. At approximately the same time IKEA was being reviewed, Planning staff was processing an "Art in Public Places" ordinance that would have established guidelines and procedures to assist private parties, like IKEA, in providing public art on their properties. However, since the ordinance was not adopted, there is no official direction in how to proceed for either IKEA or City staff.

Since IKEA did not "provide public art" within six months occupancy of the store, by subsequent agreement with the City (Attachment 1), IKEA agreed that the \$350,000 may be allocated for another purpose. This allocation was in-lieu of requiring IKEA to provide art on their property, subject to City Council approval. IKEA deposited \$350,000 with the City, and the City had until January 1, 2005 to allocate the funds to public art or an alternative.

City Council considered allocation of this money at their November 1, 2004, meeting. Discussion at that meeting included; using the money for street improvements or other City capital improvements; establishing a committee comprised of members of the Cultural Arts and Historical Preservation Committees as well as the Historical Society, along with representatives of Segerstrom and IKEA, to formulate suggestions; or, to use

the money towards park acquisition and/or development. At that meeting, however, City Council did not decide whether to retain the IKEA contribution for a public purpose or project. Eventually, on a 5 to 0 vote, City Council did adopt Resolution 04-68 (attachment 2) amending condition of approval number 18 (see below) to allow the contribution to be used for either a "specific public purpose or project" or for IKEA to provide the art work, and included a provision allowing an additional 12 months to decide how to allocate the money:

"18. Prior to the issuance of its Certificate of Occupancy, IKEA shall contribute \$350,000.00 to the City of Costa Mesa for allocation to a specific public purpose or project. The public purpose or project is subject to the approval of IKEA. If within twelve months of the receipt of the contribution, the City chooses not to allocate IKEA's contribution, the City will return the contribution to IKEA and, within six months, IKEA will complete the onsite installation of public art valued at \$350,00.00, subject to City approval."

### **ANALYSIS:**

Subsequent to Council's November 1, 2004, meeting, three new members have joined City Council. As such, since the City only has until July 1, 2005, to decide whether to retain the IKEA contribution for a "public purpose or project", staff is returning this offer to you for a final decision.

During the November 1, 2004 City Council meeting, IKEA expressed concern over using the money for general capital improvement projects, preferring the money be used for the benefit of children and families.

### **ALTERNATIVES:**

City Council's modification of condition number 18 on November 1, 2004, allows either the allocation of IKEA's contribution to a public purpose or project acceptable to IKEA, or returning the contribution to IKEA and requiring installation of public art on their Costa Mesa property.

### **FISCAL REVIEW:**

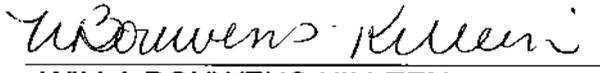
The contribution has been deposited with the City.

### **LEGAL REVIEW:**

Legal review is not required.

### **CONCLUSION:**

The \$350,000 IKEA contribution provides Council an opportunity to fund additional public projects/programs that are currently not funded. However, any project Council selects is subject to IKEA's approval.

  
WILLA BOUWENS-KILLEEN  
Principal Planner

  
DONALD D. LAMM  
Deputy City Mg./Dev. Svs. Director

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Recreation Manager  
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File

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ATTACHMENTS: 1 IKEA Agreement  
2 Resolution No. 04-68

File Name: 041905IKEA	Date: 4/05/05	Time: 930 a.m.
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# **ATTACHMENT 1**

## **IKEA Agreement**



# **CITY OF COSTA MESA**

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DEVELOPMENT SERVICES DEPARTMENT

**FOR ATTACHMENTS NOT INCLUDED IN THIS  
REPORT, PLEASE CONTACT THE CITY CLERK'S  
OFFICE AT (714) 754-5121**