



# **CITY COUNCIL AGENDA REPORT**

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**MEETING DATE:** May 3, 2005

**ITEM NUMBER:** Item Number

**SUBJECT:** Recommendations for Use of \$200,000 in Funds from the Segerstrom Home Ranch Development Agreement Originally Designated for the Relocation and Renovation of the Huscroft House

**DATE:** April 20, 2005

**FROM:** Administrative Services/Recreation and City Managers/Administration

**PRESENTATION BY:** Jana Ransom, Recreation Manager and Ann Shultz, Legislative and Public Affairs Manager

**FOR FURTHER INFORMATION CONTACT:** Jana M. Ransom, Recreation Manager, 754-5654 and Ann C. Shultz, Legislative and Public Affairs Manager, 754-5667

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## **RECOMMENDATION:**

That the City Council provide staff with direction on the use of \$200,000 in funds from the Segerstrom Home Ranch Development Agreement originally allocated for the relocation and renovation of the Huscroft House.

## **BACKGROUND:**

This item was continued from the City Council Meeting of April 19, 2005. There are no changes to the original staff report.

In 2002, C.J. Segerstrom & Sons conveyed \$200,000, in fulfillment of one of their obligations in the Home Ranch Development Agreement, to the City. These funds were originally to be used for the relocation and renovation of the Huscroft House. However, the City Council eventually chose to pursue other options in connection with the Huscroft House project. It should be noted that the Agreement specifies that C.J. Segerstrom and Sons must agree to the use of these funds.

In 2003, Bud Hohl, President of the Costa Mesa Chapter of the Veterans of Foreign Wars, requested that the Costa Mesa Community Foundation lend support to a proposed Veterans Memorial to be constructed at Harbor Lawn Memorial Cemetery in Costa Mesa. The memorial would recognize veterans of World Wars I and II, the Korean War, the Vietnam War and the wars in Iraq who are buried at Harbor Lawn Memorial Cemetery. Rose Hills, the company that owns and operates the Cemetery, agreed to the placement of the memorial on the cemetery grounds where a small memorial, consisting of a World War II artillery gun on a concrete pad, currently stands.

In December of that year, the Foundation Board voted to use its tax-exempt status to receive donations for the project. At the same time, they also agreed to do some fundraising for the project, although no specific amount to be raised was identified.

Mr. Hohl made a subsequent appeal to the City Council at their March 4, 2004 Study Session (see Attachment 1). The Council voiced their approval at the Study Session. However, no official action was taken until November of 2004.

At the City Council meeting of November 1, 2004, the Council adopted Resolution 04-68 which directed that \$200,000 in funds, originally allocated for the Huscroft House project, be reallocated in the following manner: \$135,000 to be used for the construction of the proposed Veterans Memorial and \$65,000.00 to be held in reserve while recommendations for the use of these funds were sought from the Historical Preservation and Cultural Arts Committees (Attachment 2).

During the interim, concerns arose concerning the allocation of the \$135,000 for the Veterans Memorial. The Agreement clearly stated that the money be used for the Huscroft House project. However, C.J. Segerstom and Sons indicated that if this were not possible then their alternative preference for the use of the funds would be for a project or projects that would benefit the community and be accessible and visible to the public. Those projects identified by the Cultural Arts and Historical Preservation Committees might meet this preference.

Pursuant to Council's request, the Historical Preservation Committee met on December 19, 2004 and the Cultural Arts Committee met on January 14, 2005 to discuss possible uses for the remaining \$65,000.

### **ANALYSIS:**

Several questions and issues regarding the use of the money to construct the Veterans memorial, as proposed by Mr. Hohl, have been raised.

- The original memorial design proposed by Mr. Hohl has evolved into a design for a much larger memorial. The area originally designated by the memorial park owner will not accommodate this much larger structure without disturbing the graves that surround the site.
- Staff does not believe that the \$135,000 set aside is adequate to cover design and construction costs for the proposed design by Mr. Hohl.
- The proposed memorial site is not readily accessible or visible to the public.
- The question has been raised as to whether it is appropriate to spend public funds on a project located on private property. The City Attorney has rendered an opinion that although there is no legal impediment to such a use it would require a number of complicated conditions and provisions.

Given these concerns, the Council may want to consider the following options.

- Direct staff to undertake design studies to build a different memorial with available resources on city owned property accessible and visible to the public. Should the Council decide to pursue this option, staff will return with further information and a contract for a design study on the alternative memorial using part of the \$135,000 allocated by the Council in November 2004.
- Allocate the funds for one or more of the uses identified by the aforementioned Committees or another beneficial public purpose deemed appropriate by the Council.

As directed by Council, the Historical Preservation and Cultural Arts Committees have met and discussed possible uses of the \$65,000. Their recommendations are as follows:

1. Utilize up to \$30,000 to develop conceptual plans with vested interest groups (HP Committee, CA Committee, Model Engineers, Fairview Friends, Historical Society etc.). Hold the remainder in trust to use as match for grant applications for a new facility at Fairview Park. The facility might encompass the Historical Society, a museum/environmental center, art gallery, meeting space, restrooms and small kitchen (including possible acquisition of temporary classroom buildings from Newport Mesa Unified School District).
2. Provide funding to Historical Society for Estancia Adobe repairs. The cost for the repair of the Adobe is estimated at \$80,000 (although formal quotes have not been obtained at this time).
3. Purchase microfilm reader-copier, shelves, book carts and computer server for Historical Society at an estimated cost of \$15,000.
4. Commission several murals depicting Costa Mesa history around the City.
5. Develop and install a recognition piece at Fairview Park for the area's "first people." Estimated cost of \$10,000.
6. Develop and install a recognition piece of the Santa Ana Army Air Base History. Estimated cost of \$10,000.
7. Develop and install recognition pieces of significant Costa Mesa events and things at/near the locations of same (all), develop supporting brochure (cost unknown)

Copies of the minutes of the two meetings during which these items were discussed are attached (Attachments 3 and 4).

Both committees indicated a preference for a long-term dedicated space in which the City's historical and cultural resources could be housed. The Fairview Park Master Plan calls for a museum and environmental center on the south side of Placentia. This part of the plan is currently un-funded.

The Estancia Adobe is in dire need of repair to areas that were restored in 1965. While the amount remaining from the Huscroft House restoration would not fully cover the estimated costs, the Historical Preservation Committee has what remains of the originally allocated Signs of Support funds. These could also be utilized if the Council chooses to set aside the Huscroft funds for this purpose.

The committees indicated a desire for the funds to be used for something visible and suggested that the City consider commissioning murals or other recognition pieces that depict or recognize events, places and persons significant to Costa Mesa's evolution.

## **ALTERNATIVES CONSIDERED:**

1. Direct staff to find a location and use the \$135,000 to construct a Veterans Memorial other than Mr. Hohl's memorial and allocate remaining \$65,000 to one or more of the above listed purposes.
2. Allocate total \$200,000 in funds to one or more of the above listed purposes.
3. Direct staff to find a location and use the \$135,000 to construct a Veterans Memorial other than Mr. Hohl's memorial and utilize the remaining \$65,000 for purposes other than those identified by the Committees.
4. Utilize all \$200,000 in funds for other purposes.

In all cases, the Development Agreement specifies that C.J. Segerstrom and Sons must agree to the proposed new use of the remaining funds.

## **FISCAL REVIEW:**

As noted in the November 1, 2004 report, the \$200,000 from the Segerstrom Home Ranch Development Agreement originally intended for the Huscroft House project, has been deposited with the City and is set aside from the City's General Fund.

## **LEGAL REVIEW:**

The City Attorney's Office has researched the law and determined that there is clear authority that public expenditures toward the construction of a veteran's memorial can serve a valid public purpose in some situations. However, to ensure that these public funds are used for a public purpose, the City would be required to maintain a substantial degree of control over the property where the memorial would be located. At minimum, this would include the ability to protect the public's right to access the site and the right to control how the memorial is used and maintained. This could be accomplished by the cemetery granting the parcel on which the memorial would be located to the City, along with an access easement, but this is not recommended. An alternative would involve obtaining a public access easement, and also entering into a maintenance agreement with the cemetery owner for the memorial site. In any agreement with the cemetery, the City would need to ensure that it maintains sufficient control to protect the public's interests, and access to the memorial.

## **CONCLUSION:**

It is requested that Council review the possible uses for the remaining \$200,000 from the Segerstrom Home Ranch Agreement and provide staff with direction as to the use of these funds.

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JANA M. RANSOM  
Recreation Manager

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ANN C. SHULTZ  
Legislative and Public Affairs Manager

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MARC R. PUCKETT  
Director of Finance

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KIMBERLY HALL BARLOW  
City Attorney

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STEPHEN N. MANDOKI  
Administrative Services Director

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STEVEN E. HAYMAN  
Assistant City Manager

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ALLAN L. ROEDER  
City Manager

DISTRIBUTION: C.J. Segerstrom and Sons  
Mr. Bud Hohl  
Harbor Lawn Cemetery  
Costa Mesa Community Foundation

- ATTACHMENTS:
- 1 [April 5, 2004 report on Proposed Veterans Memorial](#)
  - 2 [Action Minutes of City Council Meeting of November 1, 2004](#)
  - 3 [Minutes of December 19, 2004 Historical Preservation Committee meeting](#)
  - 4 [Minutes of January 14, 2005 Cultural Arts Committee meeting](#)