



CITY COUNCIL AGENDA REPORT

MEETING DATE: May 17, 2005

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: MAY 4, 2005

FROM: CITY MANAGER/ADMINISTRATION

PRESENTATION BY: ANN C. SHULTZ, LEGISLATIVE AND PUBLIC AFFAIRS MANAGER

FOR FURTHER INFORMATION CONTACT: ANN C. SHULTZ. (714) 754-5667

[This item was continued from the meeting of May 3. There are no changes to the original staff report.](#)



CITY COUNCIL AGENDA REPORT

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

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.

JANA M. RANSOM
Recreation Manager

ANN C. SHULTZ
Legislative and Public Affairs Manager

MARC R. PUCKETT
Director of Finance

KIMBERLY HALL BARLOW
City Attorney

STEPHEN N. MANDOKI
Administrative Services Director

STEVEN E. HAYMAN
Assistant City Manager

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](#)

The following are proposals on the use of the Huscroft House and IKEA (Home Ranch Development Agreement) funds submitted by council members Dixon and Foley for consideration by the City Council.

**CITY OF COSTA MESA
CITY MANAGER'S OFFICE
INTEROFFICE MEMORANDUM**

TO: CITY COUNCIL
FROM: COUNCIL MEMBER LINDA DIXON
DATE: MAY 3, 2005
**SUBJECT: PROPOSED USE OF FUNDS FROM THE HOME RANCH
DEVELOPMENT AGREEMENT**

I have given a good amount of thought to the item before us this evening regarding the IKEA and Segerstrom Family contributions in connection with the Home Ranch Development Agreement. Each of us has different ideas and thoughts on this matter, so I thought it might be helpful to commit mine in writing so you could have in front of you the motions I intend to submit for your consideration.

IKEA Contribution to Public Art

The funds to be contributed by IKEA were negotiated for the purpose of providing art in public places. Although the City subsequently chose not to adopt a formal program for art in public places, both the City and IKEA negotiated in good faith for this contribution. We represented as such to the public during the Home Ranch deliberations and I believe we need to stand behind our word.

The Theater and Arts District (TAD) is the focal point of the arts in Costa Mesa and for all of Orange County. While significant contributions have been provided by the private sector towards establishment of the District, the City has likewise played a very important role. We know that insufficient funds have been committed to carry out the full TAD Plan. While I am certain the private sector will continue to find ways to enhance this very special place in Costa Mesa, I likewise feel we have an opportunity here – without use of taxpayer funds – to bring art to our community.

Proposed Motion

“ Move to propose to IKEA that its \$350,000 obligation pursuant to the Home Ranch Development Agreement be allocated to one or more public art elements in the Theater and Arts District (TAD). The art must be consistent with the adopted TAD Plan; be acceptable to the participating property owners in the District and include permanent public recognition of IKEA for its contribution.”

Segerstrom Family Commitment to Historic Preservation

As in the case of the IKEA public art commitment, the City entered into the Development Agreement for Home Ranch with the commitment to the relocation and refurbishment of the Huscroft House. It was what we represented to the Public when

granting approval of the project. I believe we have an obligation to stand behind what we committed to both the Public and to the Segerstrom Family. My motion to restrict the use of these funds to the preservation and enhancement of historic landmarks is true to the commitment we made.

I doubt that anyone would argue with how committed I was to the relocation and renovation of the Huscroft House. At the time, I received more than my fair share of teasing from those who felt the whole effort was folly. While the outcome was not as originally intended, it does not diminish the importance of preserving historic elements of our community. What I learned from the Huscroft House experience is that it is not whether we make the effort to preserve our past, but how we go about doing so? And, the commitment of \$200,000 from the Segerstrom Family will enable us to do exactly that – to thoughtfully, intelligently take those steps necessary to preserve and enhance historic landmarks. We cannot – as was the case with the Huscroft House – wait until historic assets in our community are falling apart or are about to be bulldozed before we take action.

With these funds placed with the Community Foundation, the Historic Preservation Committee, along with the Historical Society, other interest groups and City staff can develop preservation and enhancement projects. We may need to develop some additional processes for approval of individual projects, but my intent is to have these acted on by a collaborative effort between the Segerstrom Family and the Historic Preservation Committee. It is not my intent that every expenditure be brought back before this City Council.

Proposed Motion

“ Move to propose to C J Segerstrom & Sons that its commitment of \$200,000 under the Home Ranch Development Agreement, originally allocated for relocation and renovation of the Huscroft House, be placed with the Costa Mesa Community Foundation for future use in the preservation and enhancement of historical landmarks. Use of these funds shall be restricted to preserving or restoring landmark structures and artifacts and are not to be used for operating expenses or capital purchases. Selection of projects to be funded shall be mutually approved by the City’s Historic Preservation Committee and the Segerstrom Family.”

c: Allan Roeder
Steve Hayman
Don Lamm
Steve Mandoki
Kimberly Hall Barlow
Bill Morris
Jana Ransom
Julie Folcik

**CITY OF COSTA MESA
CITY MANAGER'S OFFICE
INTEROFFICE MEMORANDUM**

TO: CITY COUNCIL
FROM: COUNCIL MEMBER KATRINA FOLEY
DATE: MAY 3, 2005
SUBJECT: IKEA/SEGERSTROM CONTRIBUTIONS

While there are certainly a lot of public projects that the IKEA/Seegerstrom contributions could fund, it has been difficult to find consensus amongst all the various interested parties on a plan for this money. Others may have ideas that they present, but in an effort to identify a community benefit that meets some of the parameters of IKEA and C.J. Seegerstrom & Sons, as well as the spirit of the contribution, I propose that the City Council consider combining the contributions along with the interest, and allocate it to build a Community Stage at Fairview Park.

A permanent Community Stage will fit well with the current park uses. The City currently uses a portable, trailer stage for our successful Fairview Park Concerts in the Park and other events. Fairview Park has also been used for Shakespeare in the Park and Family Movie Night.

A Community Stage is a physical structure that can be identified as a community benefit provided by IKEA & C.J. Seegerstrom & Sons, and provides a naming rights opportunity such as IKEA/Seegerstrom Stage.

A Community Stage provides a community benefit that can be used by the entire community, not just a particular age group or interest group.

A Community Stage promotes our City of the Arts Moto.

A Community Stage is consistent with the spirit of the contribution toward public art and cultural preservation because it will be used to promote art and culture.

In communicating with representatives from IKEA and C.J. Seegerstrom & Sons, they are agreeable to combine the funding for this purpose and support the concept.

Staff will have available some examples of other community stages from Santa Barbara and Ojai as overheads at our meeting. These are just examples, but provide a visual aide for the concept.

Thank you for your consideration.

c: Allan Roeder
Steve Hayman
Don Lamm
Steve Mandoki
Kimberly Hall Barlow
Bill Morris
Jana Ransom
Julie Folcik