



# *CITY COUNCIL AGENDA REPORT*

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**MEETING DATE:** JUNE 2, 2009

**ITEM NUMBER:**

**SUBJECT:** RESOLUTION OPPOSING GOVERNOR SCHWARZENEGGER'S PROPOSAL TO SELL DESIGNATED STATE PROPERTY - ORANGE COUNTY FAIR & EVENT CENTER

**DATE:** MAY 20, 2009

**FROM:** CITY MANAGER'S DEPARTMENT

**PRESENTATION BY:** ALLAN L. ROEDER, CITY MANAGER

**FOR FURTHER INFORMATION CONTACT:** CAROL C. PROCTOR, MANAGEMENT ANALYST  
AT (714) 754-5688

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## **RECOMMENDATION:**

Adopt Resolution No. 09-\_\_\_, opposing the proposal by the Governor to sell the Orange County Fair and Event Center property.

## **BACKGROUND:**

The Orange County Fair and Event Center (OCFEC), operated by the 32<sup>nd</sup> Agricultural District, has been part of the Costa Mesa community since 1949. OCFEC's mission is to provide educational, entertainment and recreational opportunities for the general public and preserve the heritage of California agriculture. This is achieved by showcasing the talents, interests and accomplishments of the citizens of California, especially Orange County residents, year-round. It is located on a 150-acre parcel bounded by Newport Boulevard, Fair Drive, Fairview Road, and Arlington Avenue.

On September 7, 2004, the Costa Mesa City Council took action on a concept proposal by then Assembly Member John Campbell to relocate the OCFEC to the "Great Park" (formerly the El Toro Marine Corps Air Station) in the City of Irvine. A key element of the proposal was to sell the existing 150-acre parcel for high density commercial office and residential development to assist the State of California with its then current budgetary shortfall. It should be noted that this was strictly a "concept proposal" and no action had been taken to implement any of the elements of this concept. The City Council unanimously adopted Resolution No. 04-56, opposing this proposal (See Attachment 1). Meetings held at the OCFEC and elsewhere confirmed the public and the Costa Mesa community were strongly opposed to the proposal as well.

Subsequent to the issuance of the concept proposal, the State of California released the "California Performance Report" (herein after referred to as the CPR). The CPR was prepared at the direction of Governor Arnold Schwarzenegger to identify opportunities for reducing the cost of state government. The 2,500 page document addressed a wide range of topics and was

the subject of public hearings throughout the state. The overwhelming public comment on this matter focused on the value of the OCFEC to the City of Costa Mesa and the region.

Included in the report is a section entitled "Tapping Surplus Property Assets." Within this section was a discussion of "examples of underutilized or surplus property." Two specific examples offered in the report, included a discussion on the OCFEC. The report characterized the OCFEC as "The land is used to hold the annual Orange County Fair, a summertime agricultural festival." It is important to note that this is the only comment made relative to the activities at the OCFEC. While the report used the OCFEC as an example of what is considered underutilized state property, it did not specifically recommend sale of the site.

## **ANALYSIS**

As stated to City Council in 2004, the CPR formal proposal will be considered by the Governor and members of the state Legislature in the future. Now, in 2009, Governor Schwarzenegger is again looking to sell off state property, in order for the state to "take better advantage of its real estate assets to help balance the budget, and improve government efficiency." He has identified seven, state-owned sites that would yield an estimated \$1 billion to help balance the state budget. The OCFEC is one of those properties listed.

Based on the overwhelming input by the public to keep the OCFEC intact and City Council's opposition to the findings of the CPR in 2004, it is the staff's recommendation that the City Council adopt a formal position opposing the sale, closure or relocation of the OCFEC. The resolution (Attachment 2) also reaffirms the City's position on the OCFEC's General Plan designation as "Fairgrounds," and "Institutional and Recreational" zoning.

## **ALTERNATIVES CONSIDERED**

Do not adopt the resolution opposing the sale of the OCFEC.

## **FISCAL REVIEW**

At the current policy level of this issue, there are no direct fiscal impacts. There are, however, clear and significant fiscal impacts should the OCFEC be declared surplus or relocated.

At present, the City receives approximately \$500,000 per year in retail sales tax from various operations at the OCFEC. As State property, no property taxes are generated from this site. It is difficult to project what revenues might be generated on the 150-acre site should the OCFEC be sold and the property privately developed. The site is currently zoned Institutional and Recreational, and therefore, would likely have lower market value than property under a different designation. At this time, however, it simply is not possible to provide any credible fiscal impacts absent a proposed, alternative use for the site.

## **LEGAL REVIEW:**

The City Attorney's Office has reviewed and approved the attached resolution "as to form."

## **CONCLUSION**

The proposed sale and future disposition of the Orange County Fair & Event Center is an extremely important matter to the City of Costa Mesa. Not only does the OCFEC represent a significant activity center in the community but a landmark and noteworthy part of the City's

identity and heritage. Its physical presence in the heart of the community has far reaching impacts from a land use standpoint. Therefore, it is important that the Costa Mesa City Council advocate to the Governor and State Legislative representatives that the OCFEC not be sold to balance the State's budget.

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ATTACHMENTS:     1     [Resolution No. 04-56](#)  
                          2     [Resolution No. 09-](#)

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