



CITY COUNCIL AGENDA REPORT

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

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 32nd 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:

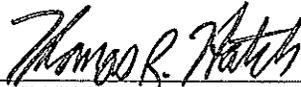
The City Attorney's Office has reviewed and approved the attached resolution "as to form."

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.


CAROL C. PROCTOR
MANAGEMENT ANALYST


THOMAS R. HATCH
ASSISTANT CITY MANAGER


MARC R. PUCKETT
DIRECTOR OF FINANCE

KIMBERLY HALL BARLOW
CITY ATTORNEY


ALLAN L. ROEDER
CITY MANAGER

ATTACHMENTS: 1 Resolution No. 04-56
2 Resolution No. 09-__

DISTRIBUTION: Department Directors
Legislative & Public Affairs Manager
Orange County Fair & Event Center Board of Directors
Steve Beazley, CEO - OC Fair & Event Center
Senator Tom Harman
Assembly Member Van Tran

Gov Proposal-OCFEC Rpt 6-2-09

5/27/2009

8:19 AM

RESOLUTION NO. 04-56

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, OPPOSING THE FINDINGS OF THE CALIFORNIA PERFORMANCE REVIEW CHARACTERIZING THE ORANGE COUNTY FAIR-GROUNDS AS "UNDERUTILIZED" STATE PROPERTY.

THE CITY COUNCIL OF THE CITY COUNCIL OF COSTA MESA DOES HEREBY RESOLVE AND DECLARE AS FOLLOWS:

WHEREAS, the Governor of the State of California commissioned a comprehensive review of all State operations in an effort to identify ways to reduce the State's current budget imbalance and to streamline and make its operations more efficient; and

WHEREAS, the State recently released its comprehensive review of State operations entitled the "California Performance Review" and is currently taking public testimony on the report and its recommendations; and

WHEREAS, the California Performance Review includes a report and series of recommendations entitled "Tapping Surplus Property Assets" wherein the Orange County Fairgrounds is specifically referenced as an example of "underutilized or surplus State property"; and

WHEREAS, the California Performance Review's only reference to the value of the programs and activities at the Orange County Fairgrounds is limited to a one-sentence statement regarding the "annual Orange County Fair, a summertime agriculture festival"; and

WHEREAS, the California Performance Review fails completely in its analysis of the Orange County Fairgrounds by ignoring the facility as a major entertainment, recreational, cultural and educational asset to Orange County; and

WHEREAS, the California Performance Review ignores the over 100 events held annually at the Orange County Fairgrounds supporting cultural and non-profit organizations; and

WHEREAS, the California Performance Review fails in its stated mission to focus on improving economic conditions and consequently the State's budget imbalance by omitting the significance of the Orange County Marketplace as an incubator for small business development; and

WHEREAS, the California Performance Review assigns no value to year round and seasonal employment for thousands of youth and senior citizens in various activities at the Orange County Fairgrounds; employment that not only does not constitute a drain on the State budget but generates incomes tax proceeds to the State; and

WHEREAS, the California Performance Review does not take into account the estimated \$185.2 million in economic impact the Fair's activities generate annually in support of the State's economy; and

WHEREAS, the California Performance Review omits any reference to the year-round educational programs offered at the Orange County Fairgrounds including Centennial Farms and The Ranch Program; and

WHEREAS, the California Performance Review section on "Tapping Surplus Property Assets" in its characterization of the Orange County Fairgrounds as

"underutilized and surplus property" is so wholly and totally inaccurate in its blatantly one-sided analysis as to render the entire report suspect as a public policy document.

NOW, THEREFORE, BE IT RESOLVED, that based on the preceding, the City Council hereby opposes the findings in the California Performance Review in its assessment of the Orange County Fairgrounds as "underutilized and surplus property."

BE IT FURTHER RESOLVED that the City Council encourages its residents and members of the business community to contact the Governor and members of the State Legislature and demand they disregard the discussions and findings in this part of the California Performance Review.

BE IT FURTHER RESOLVED that the City Council hereby authorizes the Mayor, Mayor Pro Tem, any member of the City Council and City staff to represent the City's position on this matter.

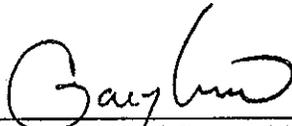
BE IT FINALLY RESOLVED that copies of this resolution be submitted as part of the public hearing process currently in progress on the California Performance Review as well as copies to the Governor and members of the Orange County delegation.

PASSED AND ADOPTED this 7th day of September, 2004.

ATTEST:

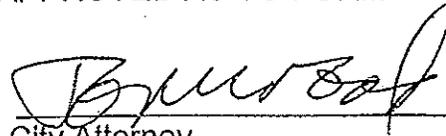


Deputy City Clerk of the City of Costa Mesa



Mayor of the City of Costa Mesa

APPROVED AS TO FORM



City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF COSTA MESA)

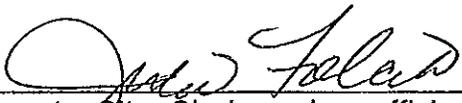
I, JULIE FOLCIK, Deputy City Clerk and ex-officio Clerk of the City Council of the City of Costa Mesa, hereby certify that the above and foregoing Resolution No. 04-56 was duly and regularly passed and adopted by the said City Council at a regular meeting thereof held on the 7th day of September, 2004, by the following roll call vote:

AYES: Monahan, Mansoor, Cowan, Steel, Scheafer

NOES: None

ABSENT: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Costa Mesa this 8th day of September, 2004.



Deputy City Clerk and ex-officio Clerk of
the City Council of the City of Costa Mesa

RESOLUTION NO. 09-41

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, OPPOSING THE SALE, CLOSURE AND/OR RELOCATION OF THE ORANGE COUNTY FAIR AND EVENT CENTER BY THE STATE OF CALIFORNIA.

THE CITY COUNCIL OF THE CITY OF COSTA MESA HEREBY RESOLVES AS FOLLOWS:

WHEREAS, the Governor of the State of California proposes measures to allow the state to take better advantage of its real estate assets in order to balance the state budget and improve government efficiency; and

WHEREAS, the Governor has determined that utilizing state assets, along with reducing the state workforce and making government more efficient through various measures will help achieve savings within state government and reduce the multi-billion dollar budget deficit; and

WHEREAS, the Governor is proposing the sale of seven, state-owned properties to reduce the budget deficit by over \$1 billion; and

WHEREAS, the Orange County Fair and Event Center (OCFEC) is among the seven state-owned properties listed in the Governor's proposal, with the others being Cal Expo, Del Mar Fairgrounds, Ventura County Fairgrounds, Los Angeles Coliseum, San Quentin State Prison and the Cow Palace; and

WHEREAS, the City of Costa Mesa opposes sale for redevelopment, closure and/or relocation of the OCFEC by the Governor for many reasons; and

WHEREAS, the OCFEC is a major entertainment, recreational, cultural and educational asset to Orange County with over 100 events held there annually supporting cultural and non-profit organizations; and

WHEREAS, the proposed sale of the OCFEC is extremely short-sighted in that the OCFEC and the weekend Orange County Marketplace provide employment to thousands of individuals of all ages, nurture small business development, and promote the transaction of business which, in turn, greatly assists the local and state economy and generates incomes tax proceeds of over \$180 million to the state; and

WHEREAS, resounding opposition by an outpouring of public response to the California Performance Review in 2004 sent a clear message to the State Legislature and the Governor and the City of Costa Mesa believes the current proposal will be met with similar public reaction.

NOW, THEREFORE, BE IT RESOLVED, that based on the preceding, the City Council hereby opposes the Governor's proposal to sell the Orange County Fair and Event Center and also opposes any proposals by the State to relocate or close the facility in order to reduce the state's budget deficit.

BE IT FURTHER RESOLVED that the City Council encourages its residents and members of the business community to contact the Governor and members of the State Legislature and demand they remove the Orange County Fair and Event Center from the proposed list of state properties to be sold.

BE IT FURTHER RESOLVED that the City Council hereby authorizes the Mayor, Mayor Pro Tem, any member of the City Council and City staff to represent the City's position on this matter.

BE IT FINALLY RESOLVED that copies of this resolution be submitted to the Governor and State Legislative representatives.

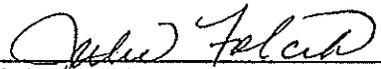
PASSED AND ADOPTED this 2nd day of June, 2009.



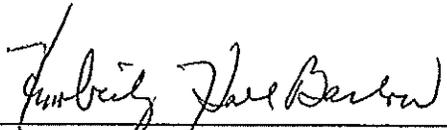
Allan R. Mansoor, Mayor

ATTEST:

APPROVED AS TO FORM:



Julie Folcik, City Clerk



Kimberly Hall Barlow, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF COSTA MESA)

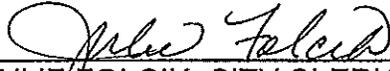
I, JULIE FOLCIK, City Clerk of the City of Costa Mesa, DO HEREBY CERTIFY that the above and foregoing is the original of Resolution No. 09-41 and was duly passed and adopted by the City Council of the City of Costa Mesa at a regular meeting held on the 2nd day of June, 2009, by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS: MANSOOR, LEECE, BEVER, FOLEY, MONAHAN

NOES: COUNCIL MEMBERS: NONE

ABSENT: COUNCIL MEMBERS: NONE

IN WITNESS WHEREOF, I have hereby set my hand and affixed the seal of the City of Costa Mesa this 3rd day of June, 2009.



JULIE FOLCIK, CITY CLERK

(SEAL)