



# CITY COUNCIL AGENDA REPORT

MEETING DATE: SEPTEMBER 20, 2016

ITEM NUMBER: **OB-1**

**SUBJECT: SECOND READING OF ORDINANCE 16-08: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA ADOPTING DA-16-03 APPROVING A FOURTH AMENDMENT TO THE SEGERSTROM HOME RANCH DEVELOPMENT AGREEMENT DA-00-01**

**DATE: SEPTEMBER 14, 2016**

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

**PRESENTATION BY: MINOO ASHABI, PRINCIPAL PLANNER**

**FOR FURTHER INFORMATION CONTACT: MINOO ASHABI, AIA (714) 754-5610  
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## **RECOMMENDATION:**

Give second reading to Ordinance No. 16-08 approving a fourth amendment to the Segerstrom Home Ranch Development Agreement No. DA-00-01.

## **ANALYSIS**

On August 6, 2016, the City Council gave first reading to Ordinance No. 16-08 by a 5-0 vote.

Councilmember Foley requested a status update on the obligations of the applicant with respect to various provisions of the development agreement. The following is a summary of the important dates related to the Development Agreement and the obligations to date:

Item	Status
Development Agreement DA-00-01	The original agreement was executed in 2002 and applicable to the entire Home Ranch site (93-acres) that includes residential (56 detached and 192 attached homes), Ikea, former 14.5-acre Emulex site currently owned by Steelwave, 43.57-acre vacant site, Segerstrom office and historic structures.
First Amendment	Recorded in April 25, 2007, was pertaining to clarification of circulation improvements
Second Amendment	Modified the effective date of the agreement to January 3, 2002.
Third Amendment	Required the Historic Reserve Account and a 50-year covenant for preservation of the historic structures and

	modified the fire station site to 40,000 SF with direct access to South Coast Drive and available within a year of notification from the City.
Term of the Development Agreement	<p>Original Agreement:</p> <ul style="list-style-type: none"> <li>The Development agreement was executed on March 20, 2002 for 15 years.</li> </ul> <p>Third Amendment:</p> <ul style="list-style-type: none"> <li>The agreement was extended for additional 20 years (third amendment); therefore, the agreement will expire on August 3, 2030.</li> </ul>
Fire Station Site	<p>Original Agreement:</p> <ul style="list-style-type: none"> <li>Required reservation of a 30,000 SF fire station site if needed upon completion of a study by the City within 3 years.</li> </ul> <p>Third Amendment:</p> <ul style="list-style-type: none"> <li>Required reservation of a 40,000 square foot parcel facing South Coast Drive for future development of the Fire Station. the land transfer should occur within a year of notification by the City. This obligation is good through the term of the agreement which will expire in 2030.</li> </ul>
Fire Station Building	<p>Original Agreement:</p> <ul style="list-style-type: none"> <li>If the City issues construction documents for a fire station, the applicant is required to pay \$500,000 for the cost of building construction and site improvements less a credit for all fire impact fees paid to Home Ranch up to the date of fire station construction. Fire Impact fees in the amount of \$235,789.62 were paid in 2003 and additional fees in the amount of \$264,210.38 (total amount \$500,000) was submitted on September 10, 2010. This obligation has been satisfied.</li> </ul>
IKEA Sales tax Guarantee	\$5,000,000 over the course of five years. This obligation has been satisfied.
Huscroft House	<p>Original Agreement:</p> <ul style="list-style-type: none"> <li>\$200,000 received in 2002 for the relocation and renovation of Huscroft House.</li> </ul> <p>First Amendment:</p> <ul style="list-style-type: none"> <li>Allowed reallocation of Huscroft House funds. Note: Council approved in 2005 reallocation of these funds to the Community Foundation: <ul style="list-style-type: none"> <li>\$120,000 Estancia Adobe (current balance is \$61,147)</li> <li>\$80,000 Segerstrom Homestead (current balance is \$80,000)</li> </ul> </li> </ul>

Historical Site	<p>Original Agreement:</p> <ul style="list-style-type: none"> <li>Required an endowment of \$250,000 within five years and formation of a non-profit foundation for preservation of historic structures. The historic structures are part of a 1.5-acre area of the overall Home Ranch site.</li> </ul> <p>Third Amendment:</p> <ul style="list-style-type: none"> <li>Required the applicant to preserve the structures based on a 50-year recorded covenant that will expire in 2060. The applicant was also required to establish a Historic Reserve Account and submit \$260,000. The account was established in 2010 and the current balance is \$274,970.00. The applicant has indicated that several recent improvements (replacing the roof, upgrading fire suppression system, replacement of old wiring, and a few other items) are along the way and they plan to submit a reimbursement invoice later in the fall.</li> </ul>
Historical Structures	The Segerstrom House and Segerstrom Barn are noted as eligible sites for the National Register in the City's Historic Survey.
Access to Public	<p>Third Amendment:</p> <ul style="list-style-type: none"> <li>Required that the historic site shall be open to the public by the Historic Site Owner at least one day a year.</li> <li>The applicant has been holding annual open house events that are advertised in the newspaper and on the City's Website. The number of attendees are reported to the City's Planning Division on annual basis.</li> </ul>
Citywide Traffic Impact Fee	<p>Original Agreement:</p> <ul style="list-style-type: none"> <li>Required payment of \$3,887,910 (allowing up to 19,938 ADTs at \$195 per trip end) for General Plan improvements. The fees were submitted with issuance of the first building permit.</li> <li>Required payment of mitigation fees in the amount of \$4,578,400. The fee was submitted with issuance of the first building permit.</li> </ul>

Until 2011, City Staff provided annual reviews of the Development Agreement to the Planning Commission. On November 14, 2011, the Planning Commission allowed annual reviews be completed by the Development Services Director until construction commences on the Home Ranch site.

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MINOO ASHABI, AIA  
Principal Planner

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GARY ARMSTRONG, AICP  
Economic Development & Development  
Services Director / Deputy CEO

Attachments: [1. Ordinance 16-08 including Exhibit 1 \(fourth amendment\)](#)

cc: Justin McCusker  
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