



County of Orange
California

Thomas G. Mauk
County Executive Officer

August 22, 2006

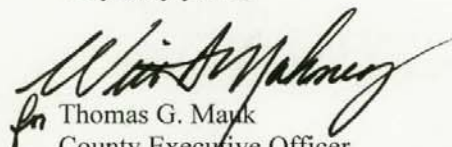
Jon Michael Penn
FY 05/06 Grand Jury
Superior Court of California
700 Civic Center Drive West
Santa Ana, CA 92702

Subject: Response to Orange County Grand Jury Report, "The Orange
County Great Park: Whose Park Is It?"

Dear Mr. Penn:

Per your request, and in accordance with Penal Code 993, enclosed please find the County of Orange response to the subject report as approved by the Board of Supervisors. If you have any questions, please contact Theresa Stanberry at (714) 834-3727 in the County Executive Office who will either assist you or direct you to the appropriate individual.

Very truly yours,


for Thomas G. Mauk
County Executive Officer

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2005-2006 Grand Jury Report
The Orange County Great Park: Whose Park Is It?
Response to Findings and Recommendations

Response to Grand Jury Finding 6.4

- 6.4 Board of Supervisors relinquished control of the Great Park:** By relinquishing control of the Great Park, the Orange County Board of Supervisors helped contribute to the loss of countywide participation.

Response: Disagrees wholly with finding.

The Board of Supervisors never had control of the Great Park. Upon passage of Measure W, the Department of the Navy immediately announced that it would sell Marine Corps Air Station, El Toro to the highest bidder.

Prior to March of 2002, the County had plans to develop the former MCAS, El Toro ("Property") as an airport. Throughout the time the County was planning the redevelopment of El Toro for aviation purposes, ownership of the Property remained with the Navy, and was never conveyed to the County. During the planning process, the County did lease portions of El Toro from the Navy on a temporary basis, but that lease was terminated after the passage of Measure W. In March, 2002, Measure W was enacted by the voters of Orange County. As a result of the passage of Measure W, the Property was subject to new land use restrictions which specifically excluded any aviation use. Hence, the County withdrew from development of an airport.

Although the new land use restrictions allowed the development of a Great Park on the Property, Measure W neither mandated nor provided funds for the development of a Great Park, or any other specific use of the Property. It should be noted that prior to the passage of Measure W, the County Auditor-Controller caused a Fiscal Impact Analysis to be prepared which concluded that developing the El Toro Property consistent with Measure W would cost the County an estimated \$37 million more on services and other expenditures than the amount of revenue which would be generated by the property. The Fiscal Impact Analysis also indicated that there were many important risk factors which could cause those costs to go higher. Additionally, the day after Measure W was passed the Department of the Navy issued a press release expressing their interest to dispose of the Property by means of a public sale, instead of a gift of the land to the County. Measure W also placed significant restrictions on the types of developments which could be placed on the property, thereby limiting the tax revenues which could be raised to offset the costs of development of the Great Park. Measure W, by its own terms, would cease to apply to the Property once it was annexed by any city.¹

¹ Section Seven of Measure W states that "[n]othing in this Initiative shall be interpreted to impose any land use restriction or other limitation on any lands within the incorporated area of any city, or to restrict the authority of the Orange County Local Agency Formation Commission."

Moreover, the Local Agency Formation Commission ("LAFCO"), which has jurisdiction to determine which unincorporated areas fall within a city's sphere of influence, determined that the Property fell exclusively within Irvine's sphere of influence, and therefore should be annexed to Irvine. The County's External Restructuring policy for unincorporated islands encourages cities to annex unincorporated County territory within their spheres of influence. In accordance with this Policy, the County entered into a pre-annexation and property tax agreement with the City of Irvine whereby the County agreed not to oppose Irvine's annexation of the Property. In exchange, Irvine agreed to the County sharing in a certain percentage of the property taxes as well as receipt of certain parcels of property, totaling approximately 240 acres to be used for certain County purposes such as a Youth and Family Resource Center, an animal shelter, childcare facilities, law enforcement training facilities, and an emergency shelter.

Response to Recommendation 7.3

- 7.3 Regain control of the Great Park:** The Board of Supervisors, representing all Orange County citizens, should consider legal action to return control of the Great Park to the people of Orange County.

Response: This recommendation will not be implemented.

There is no basis for legal action by the County against the City of Irvine with regard to issues involving the Great Park.