



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: June 23, 2015

TO: Mayor and Councilmembers

FROM: Administration Division, Parks and Recreation Department

SUBJECT: Discontinuation of Efforts to Restore Franceschi House and Recommendation to Demolish

RECOMMENDATION: That Council

- A. Receive a report on past efforts to restore the Franceschi House;
- B. Conclude the 2002 Grant Agreement #20,312 between the City and the Pearl Chase Society to rehabilitate the Franceschi House, and accept \$138,593.02 from the Parks and Recreation Community (PARC) Foundation returning City granted funds for that project;
- C. Increase estimated revenues and appropriations for the Franceschi House Rehabilitation project in the Parks and Recreation General Fund capital budget by \$138,593.02; and
- D. Provide staff direction to proceed with plans to demolish the Franceschi House and develop an alternate project on site to recognize the contributions of Dr. Franceschi and others associated with the park.

EXECUTIVE SUMMARY:

Dr. Franceschi's residence, known as Montarioso or Franceschi House, and the surrounding acreage were donated to the City in 1931 for a City park. Dr. Franceschi is recognized for making many contributions towards Santa Barbara's horticultural heritage and his role in Santa Barbara's development in the early 1900s. Franceschi Park now comprises 15 acres of City parkland on the Riviera, in the foothill area above Santa Barbara. In 1981 the City Council designated Montarioso (Franceschi House) as a City Structure of Merit.

Over the years, various people have lived as tenants in the house including horticultural professionals, City employees, and Parks caretakers; however, no one has lived in the house since 1993. At one point, the house was in such a state of disrepair the City

Building Department condemned the structure. Currently the interior of house is in a poor, unsafe condition, and access is restricted to staff on an as needed basis only. The exterior is maintained only to ensure graffiti is removed and the roof is repaired to guard against water intrusion. Located in the City's high fire area, the park is surrounded by private residences. Both nearby residents and City Fire staff have expressed concerns for the fire danger the vacant house poses to the area.

Over the years, the City and community have struggled with the need to restore and preserve the park, including whether or not to restore Franceschi House, how the restored house should be used to support park and recreation purposes, and how to fund such efforts. Detailed in the history below, at least twice (1971 and again in 1998) the City has considered demolishing the house due to failed attempts to secure capital and on-going funding through City resources or through public/private partnerships. Most recently, in 2001, the City entered into an agreement with the Pearl Chase Society (PCS) whereby the PCS would raise the funds to rehabilitate the house and fund a \$250,000 maintenance endowment, and the City committed \$300,000 towards the project. That effort has been on hold since 2010 due to a number of fiscal challenges, and in a letter dated April 9, 2015, the PCS board concurred with City staff that the project should be terminated. Staff recommends concluding the agreement and returning \$138,593.02 in unused project funds to the City.

Essentially, the City has three options going forward: (1) Continue efforts to restore the house in order to serve the public as outlined in the Franceschi Park Master Plan, (2) Rehabilitate and preserve the exterior of the house in order to recognize the contributions of Dr. Franceschi and others and, (3) Demolish the house and construct an alternative project on the site to recognize the contributions of Dr. Franceschi and others. Funding for Options #1 and #2 are a more significant funding challenge. Funding for Option #3, which is the least expensive of the three options would likely require \$2-3 million or more of General Fund capital. With over \$112 million of unfunded improvements identified in the Parks and Recreation General Fund capital program, funding for Franceschi House is a challenge regardless of the option selected. Additionally, Options #1 and #2 would have on-going operation and maintenance funding impacts on the General Fund.

With mixed feelings over the loss of a historic structure in one of our City parks, the staff recommendation is to proceed with Option #3, Demolish the house and construct an alternative project on site to recognize the contributions of Dr. Franceschi and others. For over 45 years, all efforts to fund and restore the house have failed. The City has not been able to fund the project through grants or the General Fund over that time. Several efforts to secure a public/private partnership to fund and complete the project have also been unsuccessful, including the most recent partnership between the City and the Pearl Chase Society.

DISCUSSION:

Dr. Franceschi's residence, Montarioso, also known as Franceschi House, and surrounding acreage were donated to the City in 1931 for a City park. The park has been a unique repository for growing all manner of special plants introduced by internationally significant horticulturist Dr. Francesco Franceschi and his successors. Dr. Franceschi is recognized for making many contributions towards Santa Barbara's horticultural heritage and his role in Santa Barbara's development in the early 1900s.

Franceschi Park comprises 15 acres of City parkland on the Riviera, in the foothill area above Santa Barbara. Located in the City's high fire area, the park is surrounded by private residences. Known for providing some of the most beautiful vistas of Santa Barbara, the park features trails and picnic areas and has an old, non-ADA accessible park restroom and updated park caretaker residence separate from the now vacant Franceschi house. Over the years since 1931, various people have lived as tenants in the Franceschi House, including horticultural professionals, City employees, and Parks caretakers; however, there have been extended periods where the house has been vacant. At one point, the house was in such a state of disrepair, the City Building Department condemned the structure. No one has lived in the house since 1993. Currently the interior of house is in a poor, unsafe condition, and access is restricted to staff on an as needed basis only. The exterior is maintained only to ensure graffiti is removed and the roof is repaired to guard against water intrusion.

City funding for maintaining Franceschi Park and the house has always been limited. Although rehabilitation of the house has been included in the City's Capital Improvement Plan for many years, the project has never been a high funding priority. Currently, the Franceschi House Rehabilitation project is funded at \$150,000 in the General Fund Capital budget. With Parks and Recreation unfunded infrastructure improvements totaling over \$112 million today, funding to restore the house will continue to be a challenge.

The City and community have struggled over the years with the need to restore and preserve the park; including, whether or not to restore Franceschi House, how the restored house should be used to support park and recreation purposes, and how to fund such efforts. Detailed in the history below, at least twice (1971 and again in 1998) the City has considered demolishing the house due to failed attempts to secure capital and on-going funding through City resources or public/private partnerships. Most recently, in 2001 the City entered into an agreement with the PCS whereby the PCS would raise the funds to rehabilitate the house and fund a \$250,000 maintenance endowment. That effort has been on hold since 2010 due to a number of fiscal challenges, and in a letter dated April 9, 2015, the PCS board concurred with City staff that the project should be terminated.

In 2003, the City Council approved the Franceschi Park Master Plan which addressed improvements to park, use of the house and grounds, as well as implementation and funding strategies. The Master Plan provides an overall vision for how the rehabilitated

house would serve the public, based on the house generating revenue sufficient to cover annual operation and maintenance costs. However, with the business plan now deemed infeasible, and three failed attempts to fund the house rehabilitation project through a public/private partnership, the City is at a decision point once again.

Essentially, City Council has three options going forward. Cost estimates for the three options have not been developed at this point. However, it can be assumed that Option #1 would be the highest financial impact, Option #2 less so, and Option #3, which has the least financial impact, could be as much as \$1-1.5 million or more in one-time funding.

1. Continue efforts to restore the house in order to serve the public as outlined in the Franceschi Park Master Plan. With slim prospects for a public/private partnership, and limited opportunities for State or Federal grant funding, this may require prioritizing General Fund support for completing the required park site improvements and rehabilitation of the house. There will also be a need for annual General Fund support to offset operating and maintenance expenses not covered by revenue generated at the house.
2. Rehabilitate and preserve the exterior of the house in order to recognize the contributions of Dr. Franceschi and others. Cost for this option would be somewhat less than Option #1 in that no interior improvements or annual operating expense would be required. However, this option would still require funding the park site improvements, exterior rehabilitation, and annual house maintenance expense. No revenue would be generated at the house.
3. Demolish the house and construct an alternative project on the site to recognize the contributions of Dr. Franceschi and others. The Franceschi House is a designated City Structure of Merit. So, this option would involve determining how the loss of the structure might be mitigated, i.e., creation of an alternate project on the site which would educate the community about the history and contributions of Dr. Franceschi, Camillo Fenzi, and Alden Freeman to Santa Barbara. A proposal for demolition would involve completion of a focused Environmental Impact Report, and a plan to salvage notable resources and possibly display on site character defining features such as the medallions, for interpretation and education. The impact of the demolition would likely be found to be significant and unavoidable, and would require a statement of overriding findings by City Council in order to go forward. This option would require one time funding for the environmental report, demolition, salvage, and alternate project. Depending on the scope of the project, some or all of the park site structural improvements and ADA park restroom and access improvements may still be required. On-going maintenance expense would be provided through the existing Parks budget.

OVERVIEW OF FRANCESCHI HOUSE HISTORY

The following information provides a brief overview of how the City has planned for and attempted to fund improvements for both the park and Franceschi House over the years. The information is drawn from the *1986 Historic Structures Report* prepared by Howard Wittausch for the City of Santa Barbara, the *Franceschi House Master Plan, Phase 1* report prepared by Laura Bridley with Suzanne Elledge Permit Processing Services, and the *Franceschi Park Master Plan*, prepared by the Parks and Recreation Department and adopted by City Council in 2003.

History of Franceschi House and Park

The history of the Montarioso (Franceschi) House and Franceschi Park can be summarized into four periods:

1. Dr. Francesco Franceschi, who came to Santa Barbara in 1893 and began establishing nurseries in the area, purchased the property in 1903 and built the house in 1905 for his family. Dr. Franceschi developed the garden into what became known as Montarioso Nursery. Although he left Santa Barbara in 1913, his son, Camillo Fenzi, operated the nursery until 1918.
2. Camillo Fenzi, who lived on the property through 1927, sold a portion of the original property and constructed a number of modifications to the house to accommodate his family.
3. In 1927, Alden Freeman, a philanthropist and wealthy social reformer, bought the house plus an additional 16 acres, with the intent of establishing Montarioso as a monument to Dr. Franceschi. Mr. Freeman constructed a number of modifications to the house as well. He offered the property and land just south of Mission Ridge Road to the City as a park in 1929. The City was reluctant to accept the property due to a lack of maintenance funds. However, when the Mission Ridge Association agreed to provide \$1,500 for two years of park maintenance the City agreed to accept the properties in 1931.
4. The City made few changes to the exterior structure, and some interior changes. Over the years the house was occupied by people associated with the City and horticultural interests. In 1963, the City Building Department condemned the structure, and it remained unoccupied until 1971. Following modifications to the residence, the house was home off and on to City parks caretakers until 1993.

Efforts to Restore Franceschi House and Park over the Years

Over the years, the City has undertaken a number of efforts to determine the future of the Franceschi House, including various restoration projects and two formal recommendations to demolish the house, first in 1971 and again in 1998.

In 1968, at the urging of the Santa Barbara Horticultural Society, City Council hired a landscape architectural firm to develop a Master Plan for the site. The plan recognized the need to preserve the botanic and horticultural values of the site, and included demolition of the house as it “had little architectural merit and restoration would probably be impractical and very costly.” The plan was approved by City Council in 1971. This recommendation, however, was opposed by Pearl Chase. Ms. Chase formed the Franceschi Mansion Restoration Committee which led to the City Council designating Montarioso as a Structure of Merit in 1981.

1985 State Grant Funded Restoration Effort Fails

In 1982, the Horticultural Society, with a 25-year lease to conduct trainings and horticultural work on the property, engaged Howard Wittausch to survey the building and prepare restoration plans. Mr. Wittausch’s 1986 *Historic Structures Report* recommended rehabilitation of the building in phases and included preliminary cost estimates for each phase. In 1985, City Parks received \$170,000 in grant funds for structural stabilization of the building from the State Office of Historic Preservation and the Society. The Phase 1 (structural stabilization) final cost estimate exceeded the City’s available funding so the project was abandoned. The State funds were transferred to the Carrillo Recreation Center, another historic City facility. Nothing further was undertaken regarding Franceschi House until the mid-1990s.

Franceschi House Master Plan, Phase 1 (1998-2000) Effort to Secure Public/Private Partnership Fails, Recommendation to Demolish

In 1996 the Park and Recreation Commission formed the Franceschi Park Visioning Committee to develop a vision for the future improvements at the park. Directed by Council in 1998, staff formally began working with the Franceschi Park Master Plan Advisory Committee to develop a plan which would also come to a conclusion regarding the future of the Franceschi House. The *Franceschi House Master Plan, Phase 1* report developed by Laura Bridley and Suzanne Elledge Permit Processing Services summarized past documentation completed for the House, updated cost estimates for restoration and maintenance of the structure and analyzed costs and benefits of retaining the house vs. removing it. Development of the report involved substantial public outreach and community input, particularly related to retaining the house, how the house would be used and funding to restore, maintain and operate the house. In addition to rehabilitation of the house, the report considered two other options: demolish with no replacement, or demolish, salvage and re-use.

With regard to rehabilitation, the report concluded that if the City (or a community organization) funded the full rehabilitation and subsequent operation it would save the historic fabric of the house, retain a City Structure of Merit and comply with the City’s historic preservation goals and policies, and extend the life of the building for another 25 years or more. In 1998 the cost estimate to rehabilitate the house was \$1.1 - \$1.2 million.

The City commenced with soliciting proposals from community organizations to undertake restoration and operation of the house. None of the six proposals received were deemed viable. Thus, the *Franceschi House Master Plan, Phase 1* report concluded that the cost effectiveness of saving the house was questionable given all the constraints, and that it did not appear that restoration would be fiscally prudent. Noting that only a few organizations responded and none were deemed viable, the report questioned that any non-profit group could be successful, and the recommendation was to move forward with demolishing the residence. The Franceschi Park Advisory Committee and the Parks and Recreation Commission supported the conclusion of the report. However, when the recommendation went to City Council in December of 2000, the decision to demolish was withheld while the Citizens Planning Foundation, followed by the Pearl Chase Society, developed proposals for rehabilitating the structure.

Franceschi Park Master Plan (1998-2003) Premised on Public/Private Partnership for Restoration of House and Self-Sustaining House Operations

Developed over six years, the Franceschi Park Master Plan was formed through extensive public engagement, particularly with input from neighbors on use of the house and park property. The Master Plan was adopted by City Council in December 2003, including a Mitigated Negative Declaration for the Plan. The Declaration assumed that various phases of implementation would undergo separate environmental review as appropriate.

Over the period 1998 – 2003, the decision on whether or not to restore or demolish the house went back and forth, and ultimately the 2003 Master Plan concluded with the recommendation to restore the house via the proposed public/private partnership with the Pearl Chase Society, discussed below. The components that make up the Franceschi Master Plan include the Franceschi Park Fire Plan, Programming (including the House Usage Plan discussed below), House and Park Improvements, Horticultural Improvements and Maintenance, House Operation and Maintenance, and Financing to implement the plan.

With regard to funding, State grants, private donations, public/private partnerships and City capital funding were identified for the house and park improvements. Fundraising would be the role of the Franceschi Park Advisory Committee (not active since 2010), PARC Foundation (never assumed a role in active fundraising), and the Pearl Chase Society. As directed by the City, the Plan was developed on the premise that the house operation would be self-sustaining and not require subsidy from the City's General Fund. The Plan proposed that on-going maintenance and operation would be offset by rental fees and fair market rent which would be paid by the resident in the upper floor of the house.

Franceschi Park Master Plan, House Usage Plan (1999-2003)

The Franceschi House Usage Task Group, a City Council-appointed committee, developed the Franceschi House Usage Plan which would be incorporated into the Master Plan. The plan was based on Franceschi House being rehabilitated to support three primary uses:

1. Public facility for educational and community uses
2. Interpretive center, museum, and library
3. Residence for city-employed docent coordinator or other tenant

The Plan was developed following numerous outreach and public meetings. Many of the use restrictions were formed in response to concerns from neighbors related to fire emergencies, noise, and traffic. Key aspects of the House Usage Plan include:

- Designated portions of the house for rental space, educational and library space, tenant space (upper floor)
- Event rentals (limited to four days per week, 9:00am to 8:00pm, 30 participants and 13 parking spaces per group, amplified sound restrictions, and City event monitor staffing requirements)
- Interpretive museum hours, volunteer staffing, limited parking for guests and staff
- House/Garden tours, frequency, group size, limit one school tour per day and three per month
- Horticultural library, access by appointment
- Upper floor residence, no more than two people
- Interpretive signage, volunteer park work days, park docent program

Pearl Chase Society Proposal to Rehabilitate Franceschi House (2001-current)

In January 2001, the City Council accepted the proposal submitted by the PCS whereby the PCS would undertake the planning, development and fundraising to rehabilitate the Montarioso/Franceschi House and provide a \$250,000 maintenance endowment. In July 2001, Council approved Grant Agreement #20,312 between PCS and the City to (a) prepare a development application for the rehabilitation of Franceschi House, (b) commit City funding of \$150,000 towards the development of the project description and the environmental review of the project, and (c) conduct the required environmental review of the project. It was agreed that the City would deposit the \$150,000 into an account for the project with the PARC Foundation. In addition to that funding, City Council set aside an additional \$150,000 in the City's General Fund capital program towards the Franceschi House Rehabilitation project, for a total City commitment of \$300,000.

From 2001 to 2009 the Pearl Chase Society actively pursued plans to restore the House and fundraising to complete the project. PCS undertook immediate actions to catalog all of the building's architectural elements and preserve various resources. A number of improvements related to safety were undertaken, including lighting, flooring repairs, structural reinforcement and other interior improvements. PCS secured a \$75,000 grant from the Santa Barbara Foundation to augment PCS and City funding for planning and development costs. Howard Wittausch updated his 1986 *Historic Structures Report*, and conceptual and architectural plans were submitted and approved by the Parks and

Recreation Commission and Historic Landmarks Commission. By 2006, the PCS had secured donations and pledges to cover more than half of the projected \$2 million construction cost.

In 2007, the Parks and Recreation Department completed roadway, parking lot and drainage improvements in the upper parking area utilizing a \$450,000 State Park Grant secured for that purpose.

Recommendation to Terminate City/PCS Effort to Rehabilitate Franceschi House

As the Franceschi House rehabilitation project progressed a number of issues arose, all of which had financial impacts for the City related to the project.

1. The business plan to offset on-going house operations and annual maintenance by revenues generated at the house was deemed infeasible by the Parks and Recreation Department. Updated cost projections for annual maintenance exceeded the proposed maintenance endowment; and a fiscal imbalance in the business plan assumptions was created by the inability to generate rental revenue from the upper floor residence. Revenue from the residence was significantly reduced due to City Charter section 520 limitations on use of park property, park deed restrictions, and State Labor Code regulations limiting rent City employees can pay related to park caretaker residences. Event rental projections were also reduced due to the economy and competition from other local rental venues.
2. The City would have to fund and complete structural site stabilization prior to issuance of a building permit for the house. Work would include geotechnical studies and hillside stabilization, and drainage, patio and retaining walls improvements. At that time, preliminary cost estimates were well over \$1 million. Today those costs would likely exceed \$2-3 million.
3. The City would also have fund and complete various ADA access requirements including paths of travel between the upper parking lot and lower House level, and possibly renovation of the park restroom, concurrent with the House rehabilitation project. (No cost estimate.)

The Parks and Recreation Department approached the PCS to see whether they might fund the latter two items. However, the board determined that, per the grant agreement, park improvements were the responsibility of the City.

By 2009, both the City and the PCS were feeling the impacts of the great national recession. The economic climate was not conducive to fundraising for a capital campaign, and grant funding sources were increasingly limited or non-existent. The Parks and Recreation Department lost both capital and operations funding over the next few years as the City responded to declining revenues. Based on these factors, and the likelihood

that the City fiscal situation wouldn't change much in the next few years, City staff and PCS representatives agreed in 2010 to suspend further work on the project.

In April 2015, the PCS board of directors submitted a letter (Attachment 1) to the Parks and Recreation Director concurring with City staff that the project to rehabilitate the Franceschi House should be abandoned and that the current grant agreement should be terminated. The board expressed interest in partnering with the City on an alternative project in the park to honor Dr. Franceschi and Alden Freeman and others should the opportunity be available.

Disposition of Project Funds Held in PARC

A final accounting of funds held in the PARC Foundation account for the project was conducted by PCS Board President Barbara Lowenthal and the Parks and Recreation Director (Attachment 2). A total of \$276,705.53 in revenue was deposited in the PARC account from grants and donations for the project. Authorized project expenditures totaled \$115,866.58. A \$20,000 donation by Theodore Gardner II for restoration of Franceschi Park perennial garden beds will be transferred to the PARC Park Improvement Fund account where those funds will be held until the current drought is over and the project can be completed by the Parks Division. Three unspecified donations in support of the project, totaling \$2,245.93, will be returned to the PCS. As agreed by the City if the project was terminated prior to completion the PCS has responsibility to contact donors about returning donated funds or receiving authorization to apply the funds to an alternate project.

This leaves a balance of \$138,593.02 which will be returned by the PARC Foundation to the City. Staff recommends that these funds be appropriated to the Franceschi House Rehabilitation project in the General Fund capital program. With a current balance of \$150,000, this would bring the total project funding to \$288,593.02; funds that would be available to support any future project involving the house.

STAFF RECOMMENDATION

With mixed feelings over the loss of a historic structure in one of our City parks, the staff recommendation is to proceed with Option #3, demolish the house and construct an alternative project on site to recognize the contributions of Dr. Franceschi, Camillo Fenzi, Alden Freeman and others.

For over 45 years, all efforts to fund and restore the house have failed. The City has not been able to fund the project through grants or the General Fund over that time. Three separate efforts to secure a public/private partnership which would fund and complete the project have also been unsuccessful, including the most recent partnership between the City and the Pearl Chase Society. With the return of the unused project funds held in the PARC Foundation, City funding for the Franceschi House Rehabilitation project will total \$288,593.02. Estimated project cost for Option #3 to demolish the house, the least

expensive option, is estimated at \$1-2 million or more. Given that the Parks and Recreation Department unfunded infrastructure improvements total over \$112 million with many competing priorities, opportunities for General Fund funding for the Franceschi House will continue to be a significant challenge.

Staff would also like to note that the continued deteriorating condition of the house has an increasing maintenance burden. The Department receives regular communication from neighbors and the Riviera Association expressing concerns about fire and vandalism. (See Riviera Association letter, Attachment 3)

BUDGET/FINANCIAL INFORMATION:

With termination of Grant Agreement # 20,312, the City will receive a contribution of \$138,593.02 from the PARC Foundation, which is the balance of funds remaining from the grant project. With appropriation of these funds to the Parks and Recreation General Fund capital project #67320, Franceschi House Rehabilitation, total funding will be \$288,593.02.

- ATTACHMENTS:**
1. April 9, 2015, Letter from Pearl Chase Society to terminate the grant agreement with the City
 2. PARC Foundation accounting report, Pearl Chase Franceschi House Rehabilitation Fund, 8/1/2001 through 4/15/2015
 3. October 2, 2013, Letter from the Riviera Association regarding Franceschi House

SUBMITTED BY: Nancy L. Rapp, Parks and Recreation Director

APPROVED BY: City Administrator's Office