



LAGUNA WOODS  
HISTORY CENTER

# The Historian

*Your Place in Local History*

Volume 8 Number 1

January 2016

## 1982 - The Globe, Law Suits, Cityhood and Fees

The material in this edition was taken from numerous articles written by Myra Neben, Tammy Dunn and William Boyer in numerous issues of the 1982 *Leisure World News*. Additional information was taken from the *50<sup>th</sup> Anniversary Book*, published by the History Center in 2014.

### ***Interest Rates Fall***

Interest rates peaked in 1981 when Gibraltar Savings & Loan guaranteed a “rock solid interest for 26 weeks of 15.742% annualized yield and 14.956% annual rate on money market deposits of \$10,000 or more.”

Taxable average monthly money market rates were:

- 12.2% in 1980
- 14.6% in 1981
- 11.3% in 1982
- 8.9% in 1983

Many money market accounts were fully liquid—you could withdraw funds at anytime. Other perks were frequently included.



In 1982, the globe was refurbished by Rossmoor prior to transferring title to Orange County.  
History Center

### ***The Globe***

The iconic 32-foot globe was erected in the 1960s to symbolize the gateway to Leisure World retirement community. It could be seen from the southbound lanes of the freeway just before the El Toro Road exit.

In 1981, Rossmoor Corp. offered to sell the Globe and its 0.8 acre of land to the Golden Rain Foundation (GRF). GRF did not want to accept the obligation of maintaining the globe and refused the offer. Instead they began to investigate the possibility of Orange County declaring it a historical landmark. The Leisure World Historical Society supported GRF, since they did not want to see this symbol of the community abandoned.

In February 1982, the state historical society refused to declare the Leisure World Globe a “historical landmark”, but agreed to make it a “point of interest”.

As a result of this action, the county supervisors agreed in April to accept and maintain the globe and landscape. Rossmoor agreed to repaint the globe before transferring title to the county.

### ***Marines Deny Jet Fuel Caused Fire***

El Toro Marine Base officials denied allegations that one of their fighter jets was to blame for the July 15<sup>th</sup>, 90-acre brush fire in Woods Canyon.

A jet with a major fuel leak almost crashed near Leisure World about the same time that the blaze ignited. However, the two incidents were not officially linked.

Eighty firefighters from 21 engine companies were dispatched to Woods Canyon, along with a bulldozer and two water tenders. County firefighters were assisted by El Toro Marine Base; the base supplied an additional water tender and two specially designed



**A firefighter from Station 22 battled a fire that came within a mile of the community and sparked allegations that it was caused by a jet's dropped fuel tank. Marine Corps officials denied the claim.** Leisure World News

brush fire trucks. It took six hours to control the blaze. No injuries were reported.

El Toro officials eventually acknowledged that an A-4 Skyhawk jet with a ripped fuel line flew over the area. The pilot had experienced two separate engine failures. The first flameout was over Camp Pendleton and the second during the plane's descent into El Toro, posing a threat to the pilot and the heavily populated area over which he flew.

The pilot looked below, saw Leisure World and turned the powerless jet west toward the unpopulated hills of Aliso Viejo. His first attempt to relight the engine failed. The aircraft dipped from 5,000 to 1,500 feet in about 60 seconds before his second ignition attempt succeeded. The pilot was then able to safely land at El Toro. As he climbed down from the cockpit, he saw fuel spewing from beneath the jet.

An investigation later revealed that an internal hatch on the bottom side of the plane had broken away, ripping a hole in the fuel line and causing the flameouts.

The base's fuel experts continued to deny that any leaked fuel from the jet would have contributed to the brush fire. Jet fuel vaporizes on contact with the air and even at 1,500 feet, it would only be a slight mist before hitting the ground.

No official explanation of the cause of the fire was released by the Orange County Fire Department.

### ***News-Post Suit***

In 1973, Vernon Spitaleri, owner of the *Laguna News-Post*, filed suit against the GRF and Golden West Publishing Corp., publishers of the Leisure World News, charging that his constitutional rights were violated because he was not permitted to deliver his *News-Post* newspapers free, door-to-door in Leisure World in the same way the *Leisure World News* was delivered.

He also charged that because a group subscription contract existed between GRF and Golden West Publishing Corp., a conspiracy existed to deprive him of advertising revenue and that his First Amendment rights were violated.

- Nov. 1977 – A trial lasting five and a half months began in Superior Court.
- Apr. 28, 1978 – Superior Court jury rejects Spitaleri's charges and orders him to pay damages to Golden West for unfair business practices.
- Sep. 1978 – Appeal to Superior Court by Spitaleri for a new trial was denied.
- Nov. 9, 1978 – Spitaleri filed an appeal with the Fourth District Court of Appeals.
- Sep. 1980 – Appeals Court overturned portions of the lower court ruling, opening the door for Spitaleri to seek monetary damages.
- Oct. 1980 – Golden West and GRF petition for rehearing. Court of Appeals agreed to it.
- Dec. 1980 – Golden West is purchased by Media General Inc.
- Sep. 1981 – Golden West and News-Post make an out-of-court settlement.
- Oct. 1981 – State Court of Appeals reaffirms its earlier decision that the rights of the News-Post newspaper were violated.
- Nov. 1981 – Media General purchases the Laguna News-Post, leaving GRF as the only defendant in the suit.
- Nov. 1981 – GRF petitions the Court of Appeals for another rehearing. The petition is granted!
- May 19, 1982 – Court of Appeals in a 2-1 decision again reaffirms its earlier decision and broadens the grounds under which Spitaleri seeks \$5 million judgement.
- May 1982 – GRF had 30 days to decide whether to try another appeal or to seek to have the case heard before the California Supreme Court.

- Nov. 1982 – Superior Court judge set April 11, 1983, for a hearing to determine the amount of damages Vernon Spitaleri might be entitled to.
- Jan. 1983 – GRF asked U.S. Supreme Court to hear lawsuit. There had been attempts by GRF at settling the case, but Spitaleri's demand for \$20 million was not acceptable. A new trial to determine damages was set for January 3, 1984. It was expected to last six weeks.
- Oct. 24, 1983 – GRF agreed to pay Laguna Publishing Co. \$1.85 million to settle a 10-year-old lawsuit. A prepared statement from GRF said, "There will not be any assessment to residents or additions to carrying charges, and Leisure World residents will be free of any liability whatsoever as a result of the settlement." GRF spent about \$577,000 defending itself in the Laguna Publishing legal action during calendar 1983. GRF's legal fees were covered by GRF's liability insurance carriers.
- Oct. 28, 1983 – The trial to determine the amount of damages was originally to begin January 2, 1984, but was moved up after GRF agreed to a \$1.8 million settlement.
- A \$69.3 million default judgment against the various insurance carriers was awarded by Orange County Superior Court Judge Mark Robinson at the uncontested hearing on October 28, 1983. To collect the damages, Spitaleri had to sue six or seven insurance companies.
- May 4, 1984 – Superior Court Judge Judith M. Ryan threw out the \$69.3 million default judgment that former publisher Vernon Spitaleri won last fall on the basis that Spitaleri never gave notice to the insurance companies prior to the hearing.

### ***United Levies Golf Cart Charge***

In October, by a vote of 5 to 4, the United Board voted to institute a \$39 per year charge and registration fee for golf carts to reimburse the mutual for the cost of the electricity to charge the cart batteries. Third Mutual instituted its charge in 1981.

In answering complaints, one United Director quoted part of a letter written by a director when Third Mutual imposed a fee. "Electric carts are not a community owned property subject to the shared cost principle. There is no more reason to expect the community to pay for the electricity to charge the cart than it is to expect the community to pay for gas for your car."

### ***Fossil exploration***



Leisure World's archeological expert Hildegard Wilde, points to a rock with the imprint of an underwater creature at Fossil Reef Park, 25555 Alicia Parkway, which was formally dedicated on October 13, 1982. The park contains the only preserved portion of Fossil Reef in Orange County. The tropical shell reef is 17 million years old and has 48 species of marine fossil vertebrates including shark teeth and *Desmostylus*. Leisure World News

*Desmostylus* was a large, hippopotamus-like creature approximately 6 feet long weighing about 440 pounds. It had a short tail and powerful legs with four hooves. The creature's jaws were elongated and sported forward-facing tusks. The tusks were actually elongated canines and incisors. Wikipedia.org



### ***United Board Proposes Transfer Fee***

During the fall of 1981, residents of United Mutual were up in arms about proposed revisions to the United's Bylaws and in a subsequent vote the proposed revisions were soundly defeated.

One of the objections involved the \$2,600 Transfer Fee paid when people moved into a resale manor, even if the person was a resident. The fee was used by GRF to fund the replacement and renovation of community facilities, such as clubhouses, gates and recreational facilities. Staff estimated that carrying charges would have to increase by \$10 per manor per month if the Transfer Fee was eliminated.

The United Board believed that a provision exempting those residents was illegal. To complicate the situation, the legal opinion involved the mutual's right of first refusal. Starting in 1979, various legal counsels had assured the United Board that the most acceptable legal way to collect the Transfer Fee was if the corporation waived its right of first refusal. However, since the fee was paid to GRF, this approach would not work. In July, the United Mutual Bylaws Review Committee decided to seek a second opinion on the Transfer Fee.

Other changes in the bylaws involved the transfer value—the amount United must pay for a manor in the unlikely event it chose to exercise its right of first refusal—was set at market value.

### ***Fees for Lessees Eliminated***

On December 7<sup>th</sup>, GRF's Community Relations Committee concluded that the fees lessees pay for use of facilities could have legal ramifications. As a result, people who leased manors could enjoy all of the rights and privileges in 1983, that go with the property without having to pay a use fee.

Prior to 1983, there were two plans for lessees: 1) the lessees paid a monthly fee entitling them to the use of all facilities or 2) they paid a fee each time they used a facility.

At that time, the rules limited condominium leases to 12 months. This rule resulted in serious challenges from condominium owners although it was not possible for Third Mutual to control the written leases.

GRF did maintain some control by issuing annual identification cards for lessees. The 12-month rule was imposed in an effort by the directors to maintain Leisure World as an "owner occupied" community.

In the cooperative manors, residents own a share in the corporation rather than real property, which allowed United Mutual to impose the time limit for leasing. Note: Until 2014, residents of United could lease their manors for no more than six months in any one year period.

### ***Resales Fall Below 1981 Level***

Manor resales in Leisure World were down about 15% during 1982, but in view of the economy it was no surprise. In 1982, 60% of the resales were in United. Almost 50% of manors sold were to single women. There were 46 new manors in Mutuals 68 and 69, priced at more than \$300,000, which had not yet been sold.

In March 1982, Rossmoor announced that it would close the company's new sales office on April 1<sup>st</sup> and the five sales counselors would join Leisure World Resales. Several new homes that were still for sale in the Leisure World Estates (110 Club) were offered through five local real estate firms. Prices of the homes ranged from \$298,900 to \$382,900.

### ***Television Contract***

Rossmoor Electric's (no relation to Rossmoor Corp.) contract with GRF to operate Channel 6 expired on December 31, 1981. Ivan Foley, president of Rossmoor Electric, agreed to operate on a month-to-month basis for an additional 60 days.

In November 1981, a request for proposal was sent to eight firms. Rossmoor Electric, the Times-Mirror Company and Tribune Company responded. Following the GRF's consultant's report, a decision was made to continue with Rossmoor Electric.

The contract with Rossmoor Electric was finalized on May 7, 1982. Under the terms of the 5-year contract, Leisure World residents would pay \$5 per manor per month for basic cable service, an increase from \$3.82.

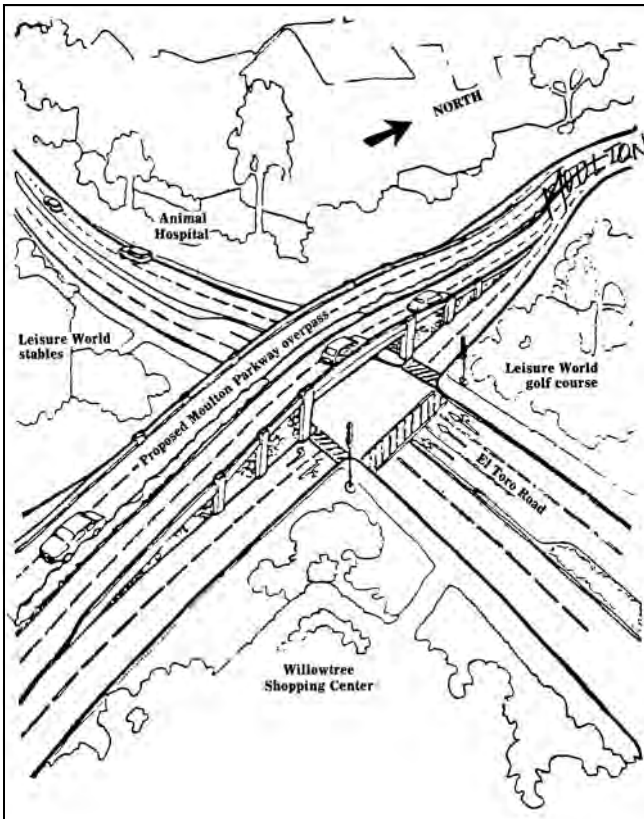
The \$5 for basic service included reception of Channels 2 through 13, maintenance of the cable, amplifiers and head-end (initial signal processing) facility, other electronic components, and operation of the Channel 6 closed circuit studio. The contract also included four more pay channels in addition to the pay movie channel. Rossmoor Electric committed to purchase some new television studio production equipment, including new cameras and a video tape player.

### ***New Road to Service Center***

At its June meeting, GRF approved a request for \$20,000 to build a one-way road from the service center to the stables and El Toro Road. In order to maintain security this road would be closed after regular working hours. This road was needed because there was no traffic light at the intersection of Via Campo Verde (the service center road) and Moulton Parkway. This made it extremely dangerous to cross the median and make a left hand turn onto Moulton.

The ideal solution was a traffic light at the Via Campo Verde and Moulton Parkway which GRF and Rossmoor were willing to fund. Although the traffic light had been approved by the county, a moratorium had been imposed on construction in the area until the Moulton Parkway Corridor Study could be completed. The study addressed problem areas at Ridge Route, Santa Maria, El Toro Road, Campo Verde and Calle Aragon at Gate 3.

By October, the study included preliminary financial details and the requirement to obtain the land so that Moulton could be widened at El Toro to four lanes of through traffic in either direction, two left turn lanes and one "free-flowing" right turn lane. The bicycle



**1982 - Proposed redesign of Moulton Parkway.**

Leisure World News

paths that existed between Moulton and Santa Maria would remain. Along with that, the design included an overpass at El Toro Road.

### ***Ambulance contract renewed for 5 years***

At their May meeting, GRF voted to extend the contract with Doctor's Ambulance Service for five more years. The contract provided that residents received a 15% discount if the bill was paid within 90 days. The base rate, set by Orange County, was \$60 with \$3 added for every mile the ambulance traveled from home to hospital. There were additional rates for emergency use, nighttime use, oxygen and standby time. Note: In 1983, the rates would increase to \$75 with a \$5 per mile charge and each of the other charges going up about \$5 each.

### ***Hospital Contract Cost Reduced***

In 1964 as part of the Leisure World Health Plan, GRF constructed a medical center on the south-east corner of Magdalena and Paseo de Valencia. The medical center was sold to Saddleback Hospital in 1971 prior to construction of the hospital. The terms of the sale obligated Saddleback to provide clinic service and 24-hour at-home service through the year 2002. The at-home visits to residents were originally provided by both a doctor and nurse. Costs escalated each year.

The contract with the hospital also provided that a doctor and nurse be on-call all day, every day for home visits. Combined with other services, the contract cost residents about \$1.30 per manor per month in 1981. In March 1982, the contract was amended to provide for nurse-only visits by a nurse who was on duty at the hospital. With the elimination of the doctor, the service cost dropped to about \$1.07 per manor per month. In addition to the cost included in the monthly carrying charge, residents who requested an in-home visit paid \$12 for each visit.

In November 1982, the contract was amended to allow visits by a nurse who was not on duty at the hospital. The cost for the visit would be \$15 from the resident. These changes reduced the costs to \$0.59 per manor per month.

The changes to the in-home program did not affect the clinic service, staffed by a nurse, that was available to residents with severe but not emergency illnesses. Treatment at the clinic cost between \$30 and \$45, which was about one-half the regular emergency room cost.

## ***The Quest for Cityhood***

In February 1982, a study by Andersen and Associates showed that if Leisure World incorporated by itself it would operate at a deficit. However, if the incorporation included some outside commercial areas, there would be no doubt of its viability.

In March 1982, a suggestion was made by Rossmoor that the City of Irvine add Leisure World to its sphere of influence. The plan was that Leisure World would remain a private community that provided its own services within its gates. Irvine would provide public services outside the gates.

Rossmoor proposed that Irvine would annex the strip of Moulton Parkway that contained the business district along Lake Forest Drive, Leisure World's outdoor recreation and the tennis court complex, Moulton Plaza Shopping Center, and the 170 acres of Rossmoor property on the southwest corner of Moulton and El Toro on which the Koll Company, had an option to build a business park.

There were no registered voters in that area and there were only a few major landowners, the largest of which was Rossmoor. GRF owned less than 25% of the property being considered. A major effect of an Irvine annexation of the Moulton Parkway area was that it would permanently split Leisure World in half.

The following month, the Local Governance Advisory Committee issued a report to the Leisure World President's Committee which stated that the incorporation of Leisure World would be fiscally feasible. The area studied included all of Leisure World, the Valencia, Willow Tree and the Moulton Plaza shopping centers, but not Laguna Hills Mall.

Note: From 1963-1985, each Local Agency Commission (LAFCO) administered a complicated series of statutory laws and three enabling acts, the Knox-Nisbet Act, the Municipal Organization Act and the District Reorganization Act. Confusion over the application of these laws led to a reform movement that produced the first consolidated LAFCO Act, the Cortese-Knox Local Government Reorganization Act of 1985. In 1997, a new call for reform in local government resulted in the formation, by the Legislature, of the Commission on Local Governance in the 21<sup>st</sup> Century. These recommendations became the foundation for the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, an act that mandates greater independence for LAFCO and further clarifies their purpose and mission.

Then, as now, the process of incorporating includes

five steps: (1) the process can be initiated either by a resolution of the county board of supervisors or by a petition signed by 25% of the eligible voters in the area to be considered for cityhood; (2) the petition process must be completed within six months of the first signature and must be filed with LAFCO within 60 days of the last signature; (3) LAFCO conducts public hearings, reviews the application and either approves or denies the application; (4) if approved, the county board of supervisors begins its process of public hearings and reviews written protests; (5) assuming a majority of the voters do not protest the action at this point, the supervisors would authorize a public election which requires the support of the majority of the voters. If the voters say no, the application cannot be resubmitted for two years without LAFCO consent.

In September, the Leisure World Committee on Incorporation (COIN), reviewed their report with the GRF and the mutuals' directors followed by questions which generally reflected a positive attitude towards the idea of cityhood for Leisure World. Highlights of the report were:

- A. Irvine had initiated a preliminary study of annexing part or all of Leisure World.
- B. The Koll Co. planned to develop the 170 area Rossmoor parcel southwest of the corner of Moulton Parkway and El Toro Road into an office park. However, those plans were stalled because of the Marine Corps restriction on the property which lies under the flight path to the El Toro Marine Air Station (Avigation Easement). Rossmoor filed a lawsuit against the U.S. Government to remove the restrictions.
- C. Counties and cities have the ability to override existing zoning restrictions. Koll officials believed they would have a better chance of winning approval from the City of Irvine than from the County of Orange.
- D. Communities around Leisure World were concerned that the New World housing development, on the west side of Moulton Parkway south of El Toro Road, be included in the proposed incorporation of Leisure World to avoid the possibility that New World would become an island.
- E. Homeowners in Laguna Terrace and Laguna Village objected to the inclusion of the Moulton Parkway Shopping Plaza in the Leisure World plan. The plaza could be the necessary tax base if either of the two communities asked for annex-

ation to their neighbor Irvine.

- F. Incorporation would avoid the possibility of a future forced inclusion by any future incorporated areas such as Laguna Hills or Aliso Viejo.

A week later, at an emergency meeting, the Saddleback Area Coordinating Council (SACC), formally opposed Irvine's proposed annexation of the 680-acre commercial strip along Moulton Parkway. Members of the group also said they were disappointed by Leisure World's recent decision to incorporate but would not stand in the way of its efforts to become a city.

On September 30<sup>th</sup>, just 24 hours before the Board of Supervisors meeting, Rossmoor filed an incomplete petition with LAFCO to annex 455 acres of commercial property along Moulton Parkway to the city of Irvine. Rossmoor and the City of Irvine were given 70 days to complete the application. Assuming that both Leisure World's and Rossmoor's applications are certified, LAFCO stated that it would study the applications simultaneously.

On October 1<sup>st</sup>, the Orange County Board of Supervisors, at the request of COIN, unanimously passed a resolution requesting LAFCO to study the incorporation of Leisure World. The Supervisors' resolution gave Leisure World an earlier start on the LAFCO calendar and was passed with the understanding that a petition signed by more than 25% of Leisure World's registered voters would be submitted later.

After certification, LAFCO would begin its study process by asking the county auditor to determine

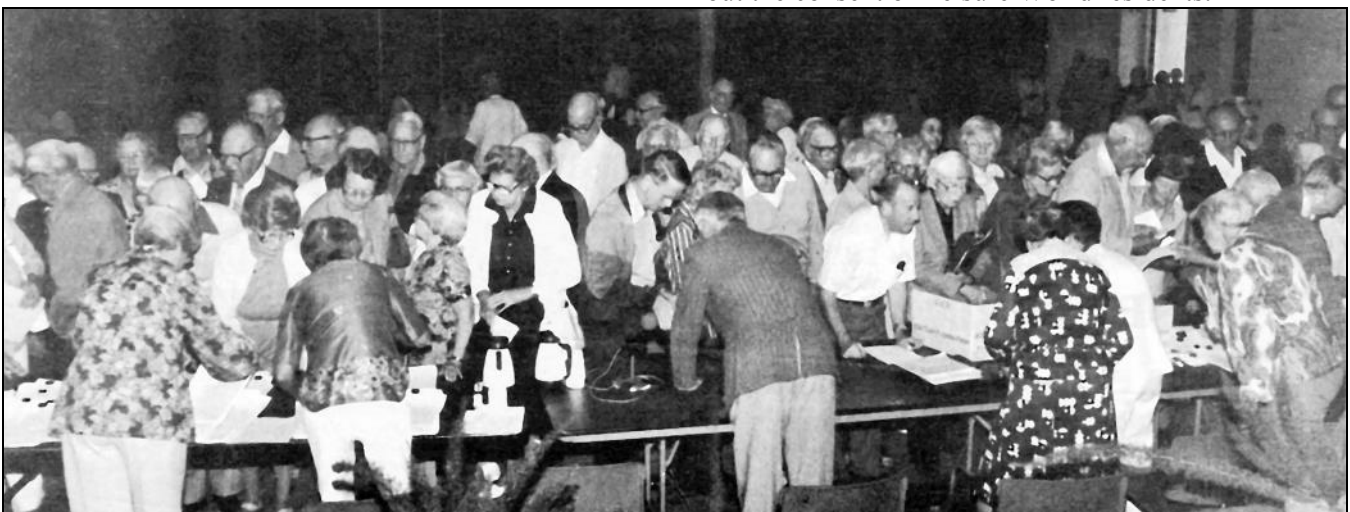
how much money would be allocated back to the city. The second step would be a study to certify that the proposed incorporation complies with the California Environmental Quality Act.

COIN stated they would continue gathering petitions as a way to show the county and LAFCO that the people of Leisure World supported incorporation. On October 7<sup>th</sup>, GRF officially endorsed incorporation and authorized COIN to gather signatures from residents. Three weeks later, after five days of signature gathering, COIN announced that more than 2,300 residents had signed petitions. This represented 79% of those residents who had been solicited.

On October 28<sup>th</sup>, by a unanimous vote and with very little discussion, the Irvine City Council agreed to hold the Rossmoor annexation study "in abeyance pending environmental impact reports on incorporation proceedings near our boundaries." The Council stated again that it was "not interested in annexing Leisure World's residential area."

On December 2<sup>nd</sup>, 379 cityhood petitions with 12,692 signatures were ceremoniously delivered to LAFCO together with a \$500 filing fee. In January 1983, the Orange County Board of Supervisors withdrew their resolution, making the petition signed by 12,404 residents the official "certificate of sufficiency."

Note: In April 1984, plans for cityhood were put on hold until the effect of pending legislation on the long-range financing of cities could be determined. Also there was a legal precedent that cityhood would stop another city from annexing Leisure World without the consent of Leisure World residents.



**CROWD SCENE**-The place was the main lounge of Clubhouse 5. The time was the morning of October 21<sup>st</sup>. The cast included almost 300 Leisure World people whose goal was to visit the people on their list, ask them to sign the petition and then turn them in by November 12<sup>th</sup>. In less than a week, petitions containing more than 2,300 signatures were turned in.

Leisure World News



# LAGUNA WOODS HISTORY CENTER

www.lagunawoodshistory.com • society@lagunawoodshistory.com

- Yes! I/ we want to support the Laguna Woods History Center. The Historical Society participates in the following worthwhile activities:
- Quarterly publication of *The Historian*
  - Oral history projects that capture stories about our community.
  - Maintenance of a vast repository of historical material

The Historical Society is a 501(c)(3) tax exempt charitable corporation – #FJ95-3213797. Your support will make it possible to continue these activities, as well as many other special projects, events, and activities.

### Membership Category

Name 1 \_\_\_\_\_ \$300.00 – Patron  
 \_\_\_\_\_ \$100.00 – Sponsor  
 \_\_\_\_\_ \$ 50.00 – Friend  
 \_\_\_\_\_ \$ 25.00 – Contributor  
 (each membership is for one manor)

Name 2 \_\_\_\_\_  
 \_\_\_\_\_  
 (additional member)

Address \_\_\_\_\_

Telephone \_\_\_\_\_

Amount Enclosed \_\_\_\_\_ Check # \_\_\_\_\_ Date \_\_\_\_\_

***Please mail to History Center, P.O. Box 2220, Laguna Woods, CA 92654-2220  
 or drop off at our office (next to Laguna Woods Village Library).  
 If you have questions please call 206-0150. Thank you.***



**Tennis Clubhouse Grand Opening 1982** History Center

### ***Tennis Complex— “Love” at First Sight***

Ribbon-cutting, speeches, exhibition play, and food and drink marked the opening of four new tennis courts at the Outdoor Recreation Center on January 29, 1982.

Ade Schumacher, chairman of the GRF Capital Improvements Committee commended the contractor for getting the project done quickly, correctly, and under cost.

Al Ceresa, president of Rossmoor Corp., recalled Ross Cortese’s contribution of \$25,000 and the long struggle to get the tennis courts off the drawing board.

The tennis complex has night lighting and a small furnished clubhouse. It is located above the golf driving range and below the manors at Gate 7.

**Editor — Bob Ring**

Opinions expressed by authors in *The Historian* do not necessarily reflect those of the Laguna Woods History Center.