

The Huntington Beach Co.: City's Benefactor or Boss?

By BILL BILLITER

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J. C. Davis 4-23-92
HUNTINGTON BEACH—This growing, changing city of 180,000 has had many nicknames—Pacific City, Oil City and Surf City, to name just a few.

But some residents have another name for Huntington Beach, and it is not one usually associated with this bustling oceanfront enclave: "company town." The term is used disparagingly.

In this case, the nickname refers to one of Orange County's largest, but least known, land development firms, the Huntington Beach Co. And while few believe that the company controls everything in this diverse, urban community—other corporate giants in the city, such as McDonnell Douglas, employ more people and pay higher taxes—many believe that the pow-

er and influence the Huntington Beach Co. wields is unjustly great.

In recent months, in fact, the epithet "company town" has been used by many reform-minded critics in discussing the governmental problems of Huntington Beach.

Part of it has to do with history and the way the company, like the city itself, grew up and matured over the years.

The company, now wholly owned by Chevron, founded this beach city 87 years ago. Some say it has been a guiding, benevolent force ever since. But others say that when its interests are threatened, the company calls on its tremendous clout to pressure local officials to see things its way.

Debate about the role of the company in local affairs has picked up in recent months, largely because of downtown redevelopment

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and the building of residential tracts on land once reserved for oil drilling—both of major interest to the Huntington Beach Co.

Unlike the better-known Irvine Co. and Mission Viejo Co., the Huntington Beach Co. seldom makes the news. But like those other two development companies, which wield influence in the cities that bear their names, the Huntington Beach Co. is the dominant corporate institution in Huntington Beach.

Started as a land-development firm owning about 2,000 acres in 1903, the Huntington Beach Co., like the city, went heavily into petroleum drilling after oil was discovered there in 1920.

But with the suburban-residential boom in Orange County in the 1960s and 1970s, land became more precious than the oil under it, and residential development again became the prime company enterprise. The company still owns about 900 acres in prime areas of the city, making it the largest private landowner in Huntington Beach.

Its developments include the fashionable Seacliff Country Club area and the new Huntington Classics homes next to the Civic Center. Company officials say only 10% of the Huntington Beach Co.'s business is in oil, with the remainder devoted to land development and investments.

But critics say the company, because of its vast landholdings, has a penchant for trying to call the shots when its interests are perceived as being threatened.

"Huntington Beach is still very much a company town, and that company, the Huntington Beach Co., still tries to run this city," said Geri Ortega, chairwoman of the city's Planning Commission.

Another local resident, Golden West College history professor Rick Rowe, agrees.

"My perception is that the Huntington Beach Co. is the power behind the throne," said Rowe, a former Planning Commission member and unsuccessful candidate for City Council.

Company officials downplay such accusations. And some prominent politicians, notably Orange County Supervisor Harriett M. Wieder, a former Huntington

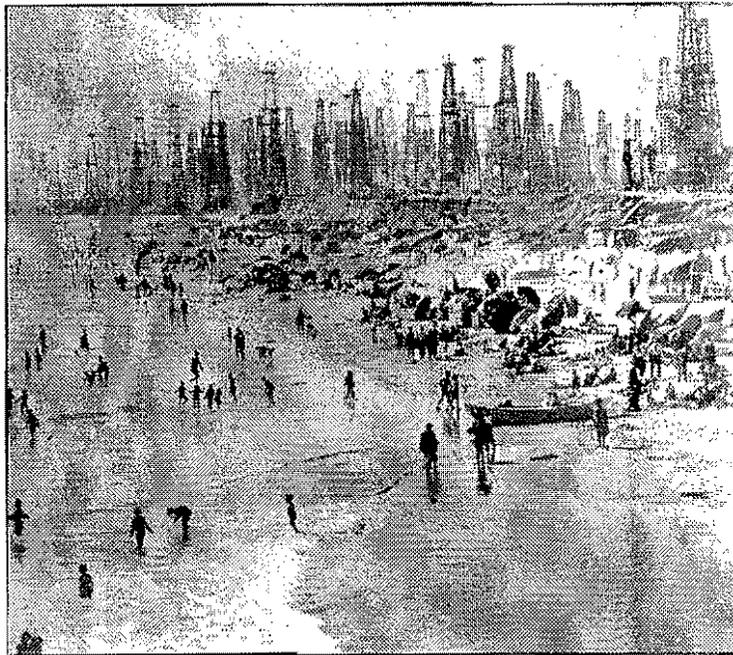


Photo Courtesy of City of Huntington Beach

A stretch of beach, circa 1925, owned by Huntington Beach Co. Pacific City was renamed Huntington Beach in 1904.

Huntington Beach Co. a Maker of History, a Victor in Politics

By BILL BILLITER
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HUNTINGTON BEACH—Critics and supporters alike agree on one thing about the Huntington Beach Co.: It has been a pioneer and history-maker in Orange County.

Most notably, the company took a swamp-surrounded stretch of ocean beach in 1903 and converted that unlikely site into the booming community that has become the third largest city in Orange County.

A key to that transformation was the skilled use of politics. The city's very name reflects what was essentially a bribe to electric-railroad czar Henry E. Huntington in 1903. Huntington was the head of the Pacific Electric Co., the firm that linked the Los Angeles basin through "red car" electric-powered rail vehicles.

William E. Foster, president of the Chevron branch that oversees the Huntington Beach Co., said in a recent interview that the land company formed in 1903 and immediately tried to persuade Huntington to extend the red car line into the tiny, isolated community that was at the time called "Pacific City."

"The company offered Huntington a lot of stock and promised to change the name of the city to Huntington Beach," Foster said. "We don't know which impressed him most."

It was the first major political victory for the Huntington Beach Co., as it turned out. Huntington agreed to the offer, and on July 4, 1904, the electric cars came rolling into the newly renamed community of Huntington Beach.

It was not until 1909—six years after the Huntington Beach Co. formed—that the city of Huntington Beach incorporated. Said Foster: "We jokingly like to remind the city that it was named for the Huntington Beach Co.—not the other way around."

Beach mayor, say the days are long past when one land company could dominate the city.

"Maybe in the past, when Huntington Beach was smaller," said Wieder. "But it's not a company town now. The city's too big; it has too many other companies. And most people who live in the city don't even know about the Huntington Beach Co. I bet if you took a poll, less than 3% of the residents could tell you they know anything about the Huntington Beach Co."

Mayor Thomas J. Mays said he thinks some critics exaggerate the power of the Huntington Beach Co.

"I think some people think it has more influence than it really does," said Mays, who was elected to the City Council four years ago with financial support from the company. "They donate to campaigns, but they've lost races in the past. And I think all of us on the council have voted against the Huntington Beach Co. in one way or another; they never get everything they want."

Roger Work, the general manager for the Huntington Beach Co., concurs and said most residents know little about the hometown company.

"The last poll I saw showed that the company only had about a 6% ID [identification by city residents], and 4% of that was positive and 2% negative," Work said.

Critics say that if this is the case, it is only because the company tries hard to keep such a low profile.

"The Huntington Beach Co. is not upfront like the Irvine Co.," Rowe said. "It's analogous to the Irvine Co., but in a way, the Huntington Beach Co. is more powerful because it's not very well-known."

In terms of both landholdings and income, the Huntington Beach Co. is much smaller than the vast Irvine Co. In 1986, when Chevron bought out the last third of stock in the Huntington Beach Co. that it did not already own, it paid about \$80 million. That purchase indicated that the land company's overall worth was about \$240 million, experts said.

Donald L. Bren, by contrast, in 1983 bought the two-thirds of the Irvine Co. that he didn't already own at a price that meant the entire company was worth about \$1 billion.

Given the Huntington Beach Co.'s historical low profile, two recent episodes involving the firm awakened critics to what they see as the company's habit of using its influence to get its way with local politicians.

The first came Jan. 8, when Work, in public view during a recess at a City Council meeting, scolded the council for changing a zoning classification in a part of the 768-acre Holly Seacliff development. About 80% of that project is on Huntington Beach Co. land in the western part of the city. The council's zoning change would

have made part of the development less profitable to the company, according to William D. Holman, project manager for the Huntington Beach Co.

Councilman John Erskine listened to Work's complaints and immediately moved for reconsideration of the zoning that Work found displeasing. The council, by a 5-2 vote, quickly reversed itself and readopted the original zoning.

The only opposing votes were from Councilman Peter M. Green and Councilwoman Grace Winchell, two environmentalists who were elected without the blessing or financial support of the Huntington Beach Co.

Winchell said the company "pulled the strings of their puppets. . . . It must have been very important to the company because they chose to do it right out there in front of God and everyone."

Mays, who changed his vote after Work's complaints, later conceded that it was "not the best way to do it. . . . It shouldn't have been done in a hurried fashion."

But Mays and Erskine also said there were compelling reasons for changing the zoning back to its original classification. They said the city would have lost some acreage for a new park had it kept the amended zoning, adding that Work's comments had only served to alert the council to the potential loss of parkland. Erskine said some private-property owners, in addi-

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