



CITY OF ESCONDIDO

201 North Broadway
Escondido, CA 92025

Oversight Board to the Successor Agency of the Escondido Redevelopment Agency

**Tuesday
October 8, 2013**

10:00 AM

Mitchell Room

1. **Approval of Minutes:** September 17, 2013

2. **Oral Communications**

“Under State law, all items under Oral Communications can have no action and will be referred to the staff for administrative action or scheduled on a subsequent agenda.”

This is the opportunity for members of the public to address the subcommittee on any item of business within the jurisdiction of the subcommittee.

3. **Approval of Long Range Property Management Plan for the City of Escondido as the Successor Agency for the Escondido Redevelopment Agency**

Resolution No. OB 2013-07

4. **Adjournment**



OB Agenda Item No.: 1
Date: October 8, 2013

APPROVAL

OF

MINUTES

CITY OF ESCONDIDO

MINUTES OF THE REGULAR MEETING OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE ESCONDIDO REDEVELOPMENT AGENCY

September 17, 2013

The regular meeting of the Oversight Board of the Successor Agency of the Escondido Redevelopment Agency was called to order at 10:00 a.m., by Chairman Phillips in the Mitchell Room at City Hall, 201 North Broadway, Escondido, California.

Board Members Present: Chairman Phillips, Vice-chairman Rojas, Boardmember Yerxa, Boardmember Baker, Boardmember Simonson, and Boardmember McNamara.

Commissioners absent: Boardmember Baranowski.

Staff present: Jeffrey Epp, City Attorney; Joan Ryan, Finance Manager; Jodi Coco-Cleveland, City Accountant; Debra Lundy, Real Property Manager; and Ty Paulson, Minutes Clerk.

MINUTES

Moved by Boardmember Baker, seconded by Boardmember McNamara, to approve the minutes of the April 9, 2013, meeting. Motion carried unanimously.

2. ORAL COMMUNICATIONS none.

3. Correspondence Received from State Department of Finance

Ms. Ryan referenced the staff report and noted that staff recommended that the Board approve the loan agreement between the City of Escondido and the Redevelopment Successor Agency (Resolution No. OB 2013-04).

Discussion ensued regarding a clarification of the City loan agreement with the Department of Finance.

4. Approval of Recognized Obligation Payment Schedule (ROPS 13-14B) for January 2014 thru June 2014 – Includes pass-Through payments prior to Redevelopment Dissolution of \$575,235.

Ms. Ryan referenced the staff report and requested the Board approve the

Resolution No. OB 2013-06 approving the recognized obligation payment schedule (ROPS 13-14B) for January 2014 thru June 2014.

Commissioner Simonson referenced Page 3, Items 11-17 and asked why these were not place on the ROPS. Ms. Ryan noted that he finance department indicated that these did not belong on the ROPS.

ACTION:

Moved by Boardmember McNamara, seconded by Boardmember Simonson, to approve staff's recommendation. Motion carried unanimously.

5. Results of the State Controller's Office Review of All Asset Transfers Made by the City of Escondido Community Development Commission after January 1, 2011

Ms. Ryan referenced the staff report and requested input.

6. Financial Update as of June 30, 2013 and Projections as of December 31, 2013

Ms. Ryan referenced the Financial Update and requested input.

Discussion ensued regarding a clarification of the Traffic Impact fund.

7. Legal Update

City Attorney Epp provided the legal update and requested input.

ADJOURNMENT:

Chairman Phillips adjourned the meeting at 10:19 am.

Clay Phillips, Chairman

Ty Paulson, Minutes Clerk

**OVERSIGHT BOARD TO THE
SUCCESSOR AGENCY OF THE
ESCONDIDO REDEVELOPMENT AGENCY**

Agenda Item No.: 3
Date: October 8, 2013

TO: Members of the Oversight Board

FROM: Debra Lundy, Real Property Manager

SUBJECT: Adoption of Resolution No. OB2013-07 Approving the Long Range Property Management Plan for the City of Escondido as the Successor Agency for the Escondido Redevelopment Agency

RECOMMENDATION: It is requested that the Oversight Board adopt Resolution No. OB2013-07 approving the Long Range Property Management Plan for the City of Escondido as the Successor Agency for the Escondido Redevelopment Agency.

FISCAL ANALYSIS: None.

BACKGROUND: Part of the process of dissolving redevelopment agencies included legislation which provides certain flexibility and local benefits in connection with real property disposition for a Successor Agency that has received a Finding of Completion by the State's Department of Finance. Pursuant to Health & Safety Code Section 34191.5, within six months after receipt of a Finding of Completion, the Successor Agency must prepare and submit a Long Range Property Management Plan ("Plan") to address the retention, sale, or other disposition of any real property of the dissolved redevelopment agency. This Long Range Property Management Plan must be approved by the Oversight Board and by the State Department of Finance.

The City of Escondido, as the Successor Agency to the Escondido Redevelopment Agency, received a Finding of Completion from the State on May 24, 2013. Thereafter, this Long Range Property Management Plan was prepared and has been approved by the Escondido City Council acting as the Successor Agency on October 2, 2013. After approval by the Oversight Board, the Long Range Property Management Plan will be submitted for approval by the State Department of Finance.

Generally, all assets of a redevelopment agency are to be liquidated and distributed to the various taxing entities. However, certain exceptions have been created for real property. Permissible uses of former redevelopment properties are: 1) governmental use pursuant to Section 34181 (a); 2) hold for future development; 3) sale of property; and 4) use of the property to fulfill enforceable obligation. The City of Escondido Successor Agency holds five real property assets, which are described in detail in the Long Range Property Management Plan, which also includes background and information on each property. Upon approval of the Plan by the Oversight Board, staff will submit the Plan to the Department of Finance prior to November 24, 2013 and will begin implementation of the Plan upon DOF approval.

Respectfully submitted,


Debra Lundy
Real Property Manager

RESOLUTION NO. OB 2013-Q7

A RESOLUTION OF THE REDEVELOPMENT
OVERSIGHT BOARD APPROVING A LONG
RANGE PROPERTY MANGEMENT PLAN
PURSUANT TO HEALTH AND SAFETY
CODE SECTION 34191.5

WHEREAS, the California Legislature determined to dissolve redevelopment agencies throughout the state, including the Escondido Redevelopment Agency, and adopted legislation providing for a dissolution process and distribution of assets of a former redevelopment agency; and

WHEREAS, a part of the process of dissolving redevelopment agencies, included legislation which provides certain flexibility and local benefits in connection with property disposition for a Successor Agency that has received a Finding of Completion by the State's Department of Finance pursuant to Health and Safety Code Section 34191.3; and

WHEREAS, within six months after receipt of a Finding of Completion, the Successor Agency must prepare and submit a Long Range Property Management Plan to address the retention, sale, or other disposition of any real property of the dissolved redevelopment agency for approval by the Oversight Board and the Department of Finance; and

WHEREAS, the property management plan must include an inventory with specified information about each property, and address the use or disposition of each property; and

WHEREAS, the former Escondido Redevelopment Agency owned a number of properties and has prepared the required inventory; and

WHEREAS, the City of Escondido as the Successor Agency has received the necessary Finding of Completion from the Department of Finance on May 23, 2013; and

WHEREAS, the City of Escondido as the Successor Agency has prepared a proposed Long Term Property Management Plan for approval by the Oversight Board and the Department of Finance, which plan was approved by the City Council acting as the Successor Agency on October 2, 2013 via Resolution No. 2013-120.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE CITY OF ESCONDIDO, CALIFORNIA, RESOLVES AS FOLLOWS:

1. That the above recitations are true.
2. That the Oversight Board to the Escondido Redevelopment Successor Agency, hereby approves the Long Range Property Management Plan, which is attached hereto as Exhibit "A" and incorporated by this reference.



REDEVELOPMENT SUCCESSOR AGENCY LONG RANGE PROPERTY MANAGEMENT PLAN

**Prepared By:
The City of Escondido as the Successor Agency
to the Redevelopment Agency**

201 N. Broadway
Escondido, CA 92025

Finding of Completion: May 24, 2013

In accordance with California Health & Safety Code Section 34191.5, the City of Escondido as Successor Agency to the Redevelopment Agency of the City of Escondido ("Successor Agency") has prepared this Long Range Property Management Plan ("Plan") to set forth a strategy for disposition and use of the real properties of the former redevelopment agency.

Background

The City of Escondido's former redevelopment agency, which was established by ordinance in 1984, was formally dissolved by State Assembly Bill ABx1 26 (the "Dissolution Act") on February 1, 2012. By adoption of City Resolution 2012-16, the City elected to serve as the Successor Agency to the Redevelopment Agency of the City of Escondido. The Dissolution Act, as supplemented by AB 1484 (the "Trailer Bill"), mandates that the operations of the former redevelopment agency are to be wrapped up under the direction of the Successor Agency's Oversight Board.

The Dissolution Act and the Trailer Bill have now been codified into the Health & Safety Code, which governs the winding down efforts of former redevelopment agencies. The preparation of this Long Range Property Management Plan within six (6) months following the issuance of the successor agency finding of completion (issued on May 24, 2013) is one of the requirements set forth in the Health & Safety Code.

The Successor Agency's review of the former redevelopment agency real property assets and development of this Plan has been undertaken with an underlying objective of carrying out the state's mandates, while at the same time complimenting the City of Escondido's commitment to strategically and comprehensively manage its real property portfolio in a manner that maximally achieves its local goals and policies.

The Successor Agency owns five (5) real property assets which are the subject of this Plan:

Site 1: 480 N. Spruce Street, a 3.79 acre lot improved with a 48,976 sf warehouse, was acquired in 2010 for the AAA Ballpark project and is currently situated within the Business Park redevelopment area. This site is available for interim lease and has been designated "hold for future development" as a means of achieving its highest and best use and maximizing its value.

Sites 2-4: 304, 314 & 316 East Grand, totaling 21,000 sf, were acquired in 2010 for future development with an interim use as a public parking lot for the downtown area. The sites are currently developed as a public park for the use and enjoyment of the public and are designated as "governmental use."

Site 5: 250 E. Valley Parkway, a 3.32 acre site, was acquired in 1992 by the Redevelopment Agency from the City for assemblage with the adjacent parcel for development of the California Center for the Arts. The site is currently improved with

the CCAE facility as is part of a larger parcel. This site will be used to pay off an enforceable obligation and will be retained for governmental use thereafter.

Required Components of the Plan

As specified in section 34191.5(c) of the Health & Safety Code, the Plan must include:

1) a detailed inventory of all properties of the former redevelopment agency and; 2) address the use or disposition of each property.

The inventory of all properties shall include the following details:

- Acquisition Date and Value at time of purchase
- Purpose for acquisition
- Parcel data: size, zoning, community planning info
- Estimate of current value of parcel
- Estimate of revenues generated by the property
- Environmental history
- Property's potential for transit-oriented development and the advancement of planning objectives of the successor agency
- History of previous development proposals and activity (including rental/lease of property)

As determined by the state, permissible uses of former redevelopment properties are: 1) governmental use pursuant to Section 34181 (a); 2) hold for future development; 3) sale of property; and 4) use of the property to fulfill enforceable obligation.

The above required components of the Plan are addressed in full for each of the five (5) properties in the attached Property Tracking Worksheet (**Exhibit 'A'**).

Property Profiles

Property profiles (**Exhibit 'B'**) have been developed for each of the five (5) properties to offer a visual aid in support of the Property Tracking Worksheet.

Policy and Procedures for Implementing the Plan

Under the direction of the Successor Agency's Oversight Board and upon approval by the Department of Finance, this Plan shall be implemented according to the policies set forth for each of the categories used in the Property Tracking Worksheet, as described below in further detail.

Governmental Use Pursuant to Section 34181(a)

In accordance with Section 34181(a) of the Health & Safety code, the Oversight Board may direct the Successor Agency to transfer ownership of assets that were constructed and used for a governmental purpose (such as roads, school buildings, parks, police and fire stations, libraries, and local administrative buildings) to the appropriate public

jurisdiction pursuant to any existing agreements relating to the construction or use of such as asset.

The City of Escondido Successor Agency possesses **three (3)** parcels that are classified as governmental use: park parcels (**Sites 2, 3, & 4**), which the City is requesting to retain for continued governmental/public purposes.

Hold for Future Development

One (1) of the Successor Agency properties (**Site 1**) has been categorized as “hold for future development” because maximized value could not be achieved by selling this property in the current market, which has declined slightly since the date of acquisition and is situated in an older area of town that is ripe for redevelopment.

The City recently completed a Comprehensive Economic Development Plan, which identifies this area as a “key subarea” with top priority for development of a proposed Business Park, intended to revitalize the area and generate job and fiscal revenue growth. The highest and best use of this site can be realized by assembling this site with other City-owned properties and packaging them for Business Park redevelopment.

In the interim, as a means of contributing to the value, reducing liability and protecting the City’s interests in maintaining its own appearance standards, the Successor Agency will lease this property at the fair market rental value, as determined by a professional real estate broker or an appraisal. After establishing the fair market rent, the Successor Agency will utilize the professional services of a commercial brokerage firm to list and market the property for rent.

All rental revenue received from this property will be utilized to pay for enforceable obligations, including the property management of this and other Successor Agency properties. Any remaining rental revenues will be given to the County for appropriate disbursement.

Sale of Property

All properties which have been proposed and approved for disposition shall be disposed of expeditiously and in a manner aimed at maximizing value. To achieve this, the Successor Agency will have the properties appraised by an MAI appraiser and will utilize the professional services of a brokerage firm to list and market the properties for sale. All offers at or over the appraised value will be considered. Substantial weight will be given to development and uses that are in line with the City’s local policies and objectives.

The City of Escondido Successor Agency does not have any assets that fall into this category.

Use of the Property to Fulfill Enforceable Obligation

Real property assets of the Successor Agency may be used to fulfill enforceable obligations, including bonds, loans, payments required by the federal government or

state law, judgments or settlements, legally binding and enforceable agreements and contracts necessary for the administration or operation of the successor agency.

The City of Escondido Successor Agency possesses **one (1)** asset (**Site 5**) that falls into this category. Site 5 is a portion of a larger parcel which comprises the California Center for the Arts facility. This site is overseen by the City and provides security to bond issues, which come up in 2018. This site is tax exempt debt financed. Once the bond issues are paid off, this site will continue to be necessary for ongoing governmental use as a portion of the larger arts complex.

Conclusion

The City of Escondido as the Successor Agency to the Redevelopment Agency has prepared this Long Range Property Management Plan in order to set forth a strategy for disposition and use of the former redevelopment agency real property assets. In addition to meeting the state's criteria, as set forth in the Health & Safety Code, this Plan also serves to compliment the City's overall development objectives and goals. Upon approval by the Oversight Board and Department of Finance, the Successor Agency shall begin implementation of this Plan.

Exhibit A

Property Inventory Data

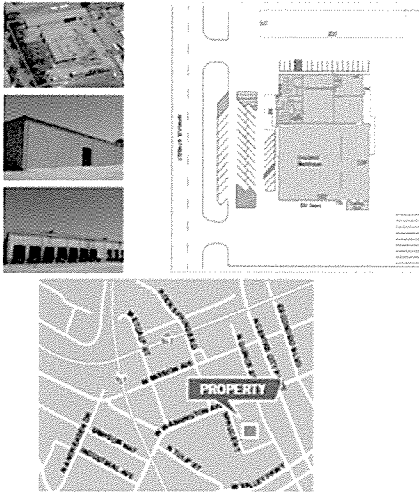
Resolution No. OB2013-07
EXHIBIT A
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13 *These parcels are governmental sites and do not have market value.

Exhibit B

Property Profiles

**Long Range Property
Management Plan**
Successor Agency to the
Redevelopment Agency of the
City of Escondido
201 N. Broadway
Escondido, CA 92025



Site No. 1

480 N. Spruce Street

Property Features:

- ☐ M-1 Zoning
- ☐ 3.79 Acres
- ☐ APN 232-091-28
- ☐ Successor Agency Hold for
Future Development

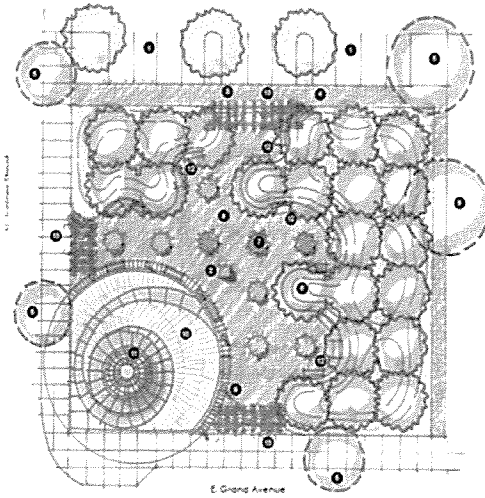
Long Range Property
Management Plan
Successor Agency to the
Redevelopment Agency of
the City of Escondido
201 N. Broadway
Escondido, CA 92025

Site No. 2, 3, & 4

304, 314 & 316 E. Grand

Property Features:

- ☐ SP Zoning
- ☐ 21,000 sf
- ☐ APNs: 229-432-24,25 & 26
- ☐ Governmental Use: Public Park



**Long Range Property
Management Plan
Successor Agency to the
Redevelopment Agency of
the City of Escondido
201 N. Broadway
Escondido, CA 92025**



Site No. 5

250 W. Valley Parkway

Property Features:

- ☐ SP Zoning
- ☐ 3.32 Acres
- ☐ APN 229-237-20
- ☐ Use to Fulfill an
Enforceable
Obligation/Governmental
Use: Portion of California
Center for the Arts Facility