



December 5, 2013

Mr. René L. Mendez, City Manager
City of Gonzales
PO Box 647
Gonzales, CA 93926

Dear Mr. Mendez:

Subject: Long Range Property Management Plan

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of Gonzales Successor Agency (Agency) submitted a Long Range Property Management Plan (LRPMP) to the California Department of Finance (Finance) on July 23, 2013. Finance has completed its review of the LRPMP, which may have included obtaining clarification for various items.

The Agency received a Finding of Completion on June 4, 2013. Further, based on our review and application of the law, we are approving the Agency's use or disposition of all properties listed on the LRPMP.

However, the following variances were noted during our review, but do not require a revised plan to be submitted:

- Property No. 1 – 100 Fourth Street (Police Station). The Agency indicated the address as 100 Fourth Street in the plan; however, the correct address is 109 Fourth Street. HSC section 34181 (a) authorizes an Oversight Board (OB) to direct the Agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction. However, title to this property is held by the City of Gonzales (City). As the Agency does not own the properties or have the authority to transfer them to the City, their inclusion on the LRPMP is inaccurate. The property can be maintained by the City for continued governmental use.

Additionally, please note the following with respect to the Agency's plan:

- Property No. 4 – 346 Alta Street (Commercial Building). The Agency intends to sell this property, with net proceeds used to fund enforceable obligations or distributed to the taxing agencies pursuant to HSC 34191.5 (c) (2). However, in the interim, the Agency proposes to enter into a "lease to purchase" agreement should the sale of the property be delayed. It is our understanding lease proceeds will be held in trust, and used to reduce the purchase price should the lessor exercise the purchase option. As directed by HSC 34181 (a), the Agency should make efforts to dispose of assets expeditiously and in a manner to maximize the property value.

In accordance with HSC section 34191.4, upon receiving a Finding of Completion from Finance and approval of a LRPMP, all real property and interests in real property shall be transferred to the Community Redevelopment Property Trust Fund of the Agency, unless that property is subject to the requirements of an existing enforceable obligation. Pursuant to HSC section 34191.3, the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all the real property assets of the former redevelopment agency.

Agency actions taken pursuant to a Finance approved LRPMP are subject to oversight board (OB) approval per HSC section 34181 (f). Any subsequent OB actions addressing the Agency's implementation of the approved LRPMP should be submitted to Finance for approval.

Please direct inquiries to Nichelle Thomas, Supervisor, or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Thomas Truskowski, Community Development Director
Ms. Julie Aguero, Auditor Controller Analyst II, County of Monterey
Mr. Steven Mar, Bureau Chief, Local Government Audit Bureau, California State
Controller's Office
California State Controller's Office