

6-9-14  
P. Kraft

**RESOLUTION NO. 2014 -04 -OB**

**RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER CITY OF DELANO COMMUNITY REDEVELOPMENT AGENCY APPROVING THE REVISED 2013 LONG-RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34191.5**

**WHEREAS**, the Community Redevelopment Agency of the City of Delano was dissolved February 1, 2012; and

**WHEREAS**, the Oversight Board of the Successor Agency to the former City of Delano Community Redevelopment Agency ("Oversight Board") has been established pursuant to Health and Safety Code ("HSC") § 34179 to assist in the wind-down of the dissolved redevelopment agency; and

**WHEREAS**, on April 26, 2013, the Successor Agency received its Finding of Completion (the "FOC") from the California Department of Finance (the "DOF") pursuant to HSC Section 34179.7; and

**WHEREAS**, within six (6) months of the date of the FOC, HSC § 34191.5(b) requires the Successor Agency to prepare a Long-Range Property Management Plan (the "2013 LRPMP") to address the disposition and use of the real property assets held by the Successor Agency; and

**WHEREAS**, on September 16, 2013, the Successor Agency approved Successor Agency Resolution No. 2013-02 recommending the approval of the 2013 LRPMP; and

**WHEREAS**, on September 23, 2013, the Oversight Board approved Oversight Board Resolution No. 2013-05 approving the 2013 LRPMP; and

**WHEREAS**, the Successor Agency submitted the 2013 LRPMP to the Department of Finance (the "DOF") in September 2013; and

**WHEREAS**, the Successor Agency received comments, via email, on the 2013 LRPMP from DOF staff on December 20, 2013, January 27, 2014, and January 29, 2014, requesting (i) revised estimated current value of specific properties listed in the LRPMP; (ii) documentation supporting ownership of specific properties; and (iii) that the LRPMP address compensation agreements with the taxing entities for property to be held for future development; and

**WHEREAS**, DOF's comments have necessitated the Successor Agency to submit a Revised 2013 LRPMP that revises estimated current values, adds additional exhibits that include further ownership documentation, and adds specific language addressing compensation agreements with the taxing entities for property to be held for future development; and

**WHEREAS**, in accordance with HSC § 34191.5, the Successor Agency has prepared a Revised 2013 LRPMP, which is attached as Exhibit "A" to this Resolution that identifies the disposition and uses of Successor Agency properties including, but without limitation, the use of land sale proceeds as more particularly described in HSC 34191.5(c)2; and

**WHEREAS**, subject to approval by the Oversight Board, the Revised 2013 LRPMP will be submitted to the DOF; and

**WHEREAS**, once the Revised 2013 LRPMP has been approved by the DOF, the Successor Agency may act upon its implementation; and

**WHEREAS**, consistent with the applicable provisions of the HSC, it is recommended that the Oversight Board approve the attached Revised 2013 LRPMP; and

**WHEREAS**, all of the prerequisites with respect to the approval of this Resolution have been met.

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board for the Successor Agency to the former City of Delano Community Redevelopment Agency, as follows:

**Section 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution.

**Section 2.** The Revised 2013 Long-Range Property Management Plan attached to this Resolution as Exhibit "A" is hereby approved.

**Section 3.** This Resolution shall take effect upon the date of its adoption.

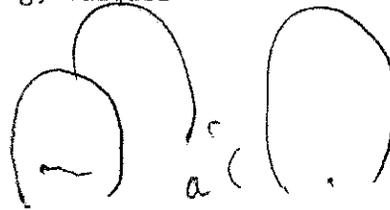
**PASSED AND ADOPTED** by the Oversight Board at a special meeting held on the 9<sup>th</sup> day of June, 2014, by the following vote:

AYES: Aguirre, Bacerra, Batth, Rising, Vazquez

NOES: none

ABSENT: Burke, Headrick

ABSTAIN: none



\_\_\_\_\_  
Joe E. Aguirre Jr., Chairman

ATTEST



\_\_\_\_\_  
Phyllis A. Kraft, Secretary

# LONG RANGE PROPERTY MANAGEMENT PLAN



Successor Agency to the Delano  
Community Redevelopment Agency

1015 11<sup>th</sup> Avenue  
Delano, CA 93215  
[www.cityofdelano.org](http://www.cityofdelano.org)

August 2013  
*Revised*  
*March 2014*

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# LONG RANGE PROPERTY MANAGEMENT PLAN

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## CITY COUNCIL / SUCCESSOR AGENCY BOARD

Grace Vallejo, *Mayor*

Rueben Pascual, *Mayor Pro-Tem*

Joe Aguirre, *Council Member*

Ricardo Chavez, *Council Member*

Liz Morris, *Council Member*

## CITY STAFF

Maribel Reyna, *City Manager & Director of Economic  
Development*

Rosa Rios, *Director of Finance*



# LONG RANGE PROPERTY MANAGEMENT PLAN

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## I. Introduction

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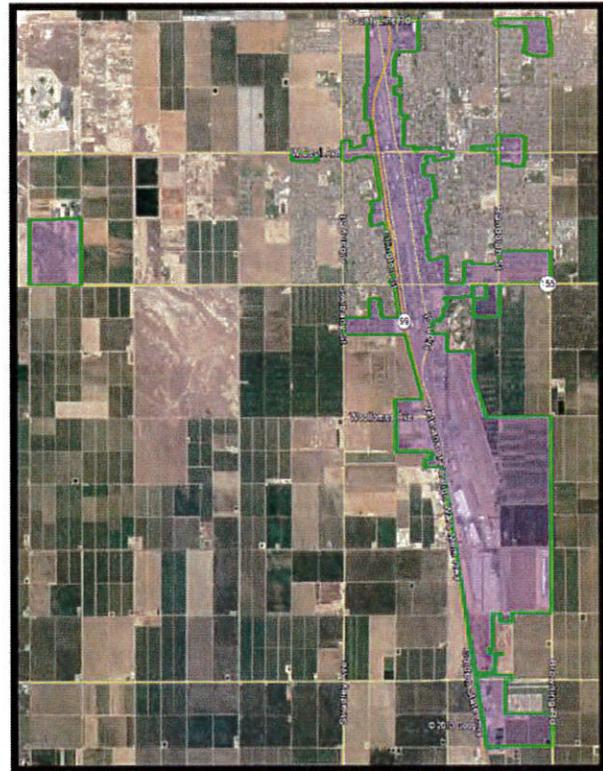
The City of Delano (the “City”) is located in Kern County at the southern end of the San Joaquin Valley between the cities of Bakersfield and Visalia and is the 2<sup>nd</sup> largest city in Kern County. The California Department of Finance (the “DOF”) reports the City’s population to be 51,963 as of January 1, 2013.

### *Redevelopment Agency*

The Delano Community Redevelopment Agency of the City of Delano (the “Agency”) was organized (1991) pursuant to §33000 *et seq.* of the California Health and Safety Code (the “HSC”) and was responsible for the administration of redevelopment activities within the City. The Redevelopment Plan was adopted in 1991 and amended in 1997 and 1999. The governing board of the Agency is composed of the five members of the City Council.

The original Project Area was 2,219 acres and in 1997, by Ordinance No. 1009, Amendment No. 1 added approximately 472 acres. However, Amendment No. 1 was subsequently revised in 1999 by Amendment No. 2 that deleted 56 acres of the previously added area.

Currently, the Project Area contains 2,635 acres, is zoned for mixed land uses, and is composed of land and improvements, including, but not limited to shopping centers, commercial developments, and industrial facilities.





The Redevelopment Plan is summarized as follows:

<b>Redevelopment Plan Summary</b>			
Plan	Original Project Area	Amendment No. 1 Added Territory	Amendment No. 2 Deleted Territory
<b>Plan Adoption</b>			
Date of Adoption	July 15, 1991	December 15, 1997	November 1, 1999
Ordinance Number	919	1009	1037
Number of Years Plan is Effective	40 years	30 years	NA
Project Area Size by Plan	2,219 acres	472 acres	(56) acres
Project Area Size, as amended	2,635 acres		
<b>Time Limits</b>			
For Commencement of Eminent Domain <sup>1</sup>	expired	December 15, 2009	NA
For Establishment of Indebtedness <sup>2</sup>	July 21, 2021	December 15, 2017	NA
For Effectiveness of Plan	July 21, 2031	December 15, 2027	NA
For Repayment of Indebtedness	July 21, 2041	December 15, 2042	NA
<b>Financial Limits</b>			
Tax Increment Limits for Pre-1994 Plans	\$226,948,100	No Limit	
Bonded Indebtedness Limit	\$125,000,000		

<sup>1</sup> Per Ordinance 2007-1157 adopted on June 18, 2007 in response to SB 53.

<sup>2</sup> The time limit for debt establishment for the Original Project Area was extended by ten years to 2021 by Amendment 1 to the Redevelopment Plan pursuant to CCRL Section 33333.6 (a)(2).

### ***Dissolution of Redevelopment Agencies***

Trailer bills ABx1 26 and ABx1 27 were signed by the Governor of California on June 28, 2011, making certain changes to the HSC, including adding Part 1.8 (commencing with §34161) (“Part 1.8”) and Part 1.85 (commencing with §34170) (“Part 1.85”) to Division 24 of the HSC. The California Redevelopment Association and League of California Cities filed a lawsuit in the Supreme Court of California (*California Redevelopment Association, et al. v. Matosantos, et al.* (Case No. S194861)) alleging that ABx1 26 and ABx1 27 were unconstitutional. On December 29, 2011, the Supreme Court issued its opinion in the *Matosantos* case largely upholding ABx1 26, invalidating ABx1 27, and holding that ABx1 26 may be severed from ABx1 27 and enforced independently. The Supreme Court generally revised the effective dates and deadlines for performance of obligations under HSC Part 1.85 arising before May 1, 2012 to take effect four months later while leaving the effective dates or deadline for performance of obligations under HSC Part 1.8 unchanged. Consistent with the applicable provisions of the HSC, the City Council elected to serve in the capacity of the Successor Agency for the Community Redevelopment Agency, (the “Successor Agency”).

Further, on June 27, 2012, the Governor signed budget trailer bill AB 1484 into law, resulting in further procedural and substantive changes to the duties of and procedures to be followed by successor agencies, oversight boards, county auditor-controllers and the California Department of Finance (the “DOF”). This includes, but is not limited to, the manner in which the Successor Agency disposes of real property assets.



Specifically, AB 1484 added HSC §34191.5 that requires the Successor Agency to prepare a Long Range Property Management Plan (the “LRPMP”) as a prerequisite to the disposition of real property assets.

### ***Long Range Property Management Plan***

Per the applicable provisions of the HSC, no later than six (6) months after a successor agency receives its Finding of Completion from the DOF (per HSC §34179.7), the Successor Agency must submit its LRPMP to the Oversight Board and the DOF for approval. The LRPMP must include an inventory (with specified information) about each property, and address the use or disposition of each property. Permitted uses for the property pursuant to AB 1484 include:

1. Retention of the property for governmental use;
2. Retention of the property for future development;
3. Sale of the property; and
4. Use of the property to fulfill an enforceable obligation.

Upon DOF’s approval of the LRPMP, the properties are to be placed in a Community Redevelopment Property Trust Fund administered by the Successor Agency in accordance with the approved LRPMP. If the LRPMP plan calls for use or liquidation (sale to obtain revenues) of a property for a project identified in an approved redevelopment plan, that property is to be transferred to the sponsoring community for that purpose. If the LRPMP calls for the liquidation of the property or use of revenues from the property for purposes other than a project identified in a redevelopment plan or other than to fulfill an enforceable obligation, the proceeds from the sale are to be distributed as property taxes to the taxing entities. A general outline of real property disposition procedures is included as Exhibit “A.”

This LRPMP was prepared in compliance with those pertinent sections of the HSC that govern the LRPMP’s prerequisites, content, and approval process. For ease of review, the pertinent sections of the HSC are included in Exhibit “B.”

The Successor Agency received its Finding of Completion from the DOF on April 26, 2013 (Exhibit “C”). The LRPMP was approved by Resolution of the Successor Agency on September 16, 2013, (Exhibit “D”) and by 2013 Resolution of the Oversight Board on September 23, 2013 (Exhibit “E”).

The Successor Agency and the Oversight Board originally approved the LRPMP on September 16, 2013 and September 23, 2013, respectively.

Revisions to the LRPMP are for the purpose of responding to DOF’s comments received via emails from Veronica Green on December 20, 2013, January 27, 2014, and January 29, 2014 (Exhibit “H”).

The revised LRPMP was approved by Resolution of the Oversight Board on April \_\_\_\_\_, 2014 (Exhibit “D”) and by Resolution of the Successor Agency on April \_\_\_\_\_, 2014 (Exhibit “E”).



## II. Summary of Successor Agency Properties

The Successor Agency has control of 63 parcels grouped into five (5) sites (the “Properties”), all of which are located within the boundaries of the Agency’s Project Area and are subject to the provision of the Agency’s 1991 Redevelopment Plan and subsequent amendments (1997 & 1999) and Five-Year Implementation Plan 2009/2010 through 2013/2014, the City’s General Plan and subsequent 2005 update, Zoning Ordinance, and land use regulations.

The Successor Agency’s Properties are summarized below.

<i>Summary of Successor Agency Properties</i>						
Site No.	Site Reference (x) <sup>1</sup>	Address	Assessor Parcel No.	Zoning	Lot Size (acre)	Permissible Use
1.	Main St Walkway (1)	1016 Main St	038-270-11	DC	0.09	Government Use
2.	Austin St Property (1)	1021 Austin St	037-371-26	R1	0.02	<b>DELETED</b>
3.	Block “H” Development (49)	Glenwood St  602, 606 11 <sup>th</sup> Av; 1024, 1028, 1010, 1006, 1004 Fremont St; 1001, 1009, 1011, 1017, 1019, 1021 Glenwood St  912, 926 Fremont St; 907, 909, 913, 915, 917, 921, 923, 925, 931 Glenwood St; 10 <sup>th</sup> Av  803, 807, 815, 823, 831 Glenwood St; 802, 824, 830 Fremont St	038-130-01  038-050-01 to -16, -18, -19, -21, -22  038-060-01 to -08, -10, -11, -14, -15, -17 to -19, -21  038-070-01, -03, -05 to -07, -10 to -15	GC	8.03	Future Development
4.	Westside Industrial Park (9)	2901 Garces Hwy; W Industry Wy; Lytle Av	520-120-12 to -19, -22	I	133.7	Future Development
5.	Fremont St Properties (2)	Fremont St	038-020-12, -13	GC	0.09	Sell

<sup>1</sup> Number of parcels

<sup>2</sup> See Exhibit “F” for Assessor Parcel Maps

<sup>3</sup> See Exhibit “G” for Zoning Maps

DC – Downtown Commercial

GC – General Commercial

I – Industrial

R1 – Single Family Residential



### III. Property to be Retained for Government Use

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**Site No. 1**  
**Main St. Walkway**  
1016 Main Street  
APN 038-270-11



**A. Permissible Use (HSC 34191.5(c)(2)):**

Site No. 1 is the Main St. Walkway property and is to be retained by the City of Delano for governmental use pursuant to HSC 34181(a).

**B. Acquisition of Property (HSC 34191.5(c)(1)(A) and 34191.5(c)(1)(B)):**

The Main St. Walkway property was acquired in April 1997 for \$40,000 to alleviate blight within the Project Area. When acquired, the property contained a vacant and unsafe building. The building was demolished and the pedestrian walkway constructed. It serves as a connection from Main St. to the City's Government Center located to the northeast as well as to other retail shops.

**DELETE:**

Its use as a pedestrian walkway renders the property's current estimated value (the "ECV") at zero.

**ADD:**

The estimated current value (the "ECV") is approximately \$500

**C. Site Information (HSC 34191.5(c)(1)(C)):**

The Main St. Walkway property consists of one 0.09-acre (3,750 sf) parcel (APN 038-270-11) located at 1016 Main St. between 10<sup>th</sup> Ave. and 11<sup>th</sup> Ave. The property is zoned Downtown Commercial (DC) per the City's General Plan/Zoning Ordinance. The purpose of the DC zoning is to attract and accommodate a mix of commercial, financial, office, governmental and limited residential uses. To allow for these uses, minimum development standards have been adopted by the City through its Code of Ordinance, Title 20 – Zoning, Chapter 20.5 – Commercial Districts, 20.5.40 - Commercial site development standards.



Minimum DC site development standards as compared to Site No. 1 are as follows:

<b>Downtown Commercial Site Development Standards</b>		
<b>Requirement</b>	<b>DC</b>	<b>Main St. Walkway</b>
Minimum site area (square feet)	5,000	3,750
Minimum site width (feet)	50	25
Minimum site depth (feet)	100	150

Based on the foregoing, the Main St. Walkway property is a non-conforming parcel that does not meet the minimum commercial development standards. Therefore, the parcel is undevelopable, of no use to the private sector and has no practical value.

**ADD:**

Please refer to Table 5B of the City’s Development Code at:  
[http://library.municode.com/HTML/15062/level2/TIT20ZO\\_CH20.5CODI.html#TIT20ZO\\_CH20.5CODI\\_20.5.40COSIDEST](http://library.municode.com/HTML/15062/level2/TIT20ZO_CH20.5CODI.html#TIT20ZO_CH20.5CODI_20.5.40COSIDEST).

**D. Estimated Current Value (HSC 34191.5(c)(1)(D)):**

**DELETE:**

The ECV of the Main St. Walkway property is zero due to its non-conforming dimensions (25 feet by 150 feet) and its only viable use is as a pedestrian walkway.

**ADD:**

Consistence with the above, and in recognition with DOF’s insistence, as expressed in an email from Veronica Green, a staff member of the DOF, that the LRPMP will be denied as required by HSC Section 34191.5(c)(1)(A)(a) unless all properties listed within the LRPMP have an ECV greater than zero, (without regard to the actual value of such properties).

Notwithstanding the above, the LRPMP addressed HSC Section 34191.5(c)(1)(A)(a) by stating that:

“The ECV of the Main St. Walkway property is zero due to its non-conforming dimensions (25 feet by 150 feet) and its only viable use is as a pedestrian walkway.”

In complying with the DOF’s request to include an ECV, on March 1, 2014, the National Data Collective<sup>1</sup> subscription service was used to search for comparable sales data within a geographical radius of 40 miles of Main St. Walkway property, over a time frame of 4 years. This search did not result in any comparable sales of legally existing, non-conforming parcels (i.e., parcels that are less than the minimum size necessary to conform to the applicable land-use requirements). Therefore, the ECV was determined by adjusting the estimated value of conforming parcels by 90%. This procedure resulted in an ECV of approximately \$500.

<sup>1</sup> [www.ndcdata.com](http://www.ndcdata.com)



It is not possible to determine the local factors that will affect land values obtained from the National Data Collective. Additionally, local factors that will affect land values for the City of Delano will differ from those factors that will affect the land values for the properties that were used to determine the ECV, (which properties are located approximately 40 miles from the City of Delano). Therefore, an actual estimated value of the Main St. Walkway property can only be determined through an appraisal. The ECV is only a planning number and should not be relied upon as a basis for actual value.

The ECV is only a rough estimate that was obtained from an on-line source where only comparable sales data are available. It is not possible to include environmental issues or any other special or unique factors into simple ECV calculations, as such data are not available from the source. As noted in the LRPMP, the real value of the property cannot be determined without an appraisal.

Once the LRPMP is approved, and as part of its implementation, an appraisal of the Main St. Walkway property will then be obtained if deemed necessary by the Oversight Board.

**E. Site Revenues (HSC 34191.5(c)(1)(E)):**

No revenue is generated from the Main St. Walkway property.

**F. History of Environmental Contamination ((HSC 34191.5(c)(1)(F)):**

There is no history of environmental contamination.

**G. Potential for Transit Oriented Development (TOD) and the Advancement of Planning Objectives of the Successor Agency (HSC 34191.5(c)(1)(G)):**

There is no potential for a TOD in conjunction with the Main St. Walkway property.

Keeping the Main St. Walkway property as pedestrian access advances the planning objectives of the City and the Successor Agency by facilitating a safe living environment by promoting infrastructure and public facility improvements including, but not limited to, streets, sewers, storm drains, parking facilities, utilities, and pedestrian walkways.

In addition, by transferring the property to the City, the Successor Agency is ensuring that it will remain, and be maintained, as a pedestrian walkway. If the Successor Agency was forced to sell the property, then the Successor Agency would be unwillingly creating a condition that would eventually generate the blight it had previously removed with a non-conforming lot that could not be developed.

**H. History of Previous Development Proposals and Activity (HSC 34191.5(c)(1)(H)):**

There have been no previous development proposals or activity for the Mains St. Walkway property. The property is a non-conforming parcel size for development.

**I. Sale of Property:**

The Main St. Walkway property is to be retained by the City of Delano for governmental use pursuant to HSC 34181(a), without cost for the reasons stated above.



**ADD:**

**J. Implementation of the Long-Range Property Management Plan:**

Following the approval of the LRPMP by the DOF, the Successor Agency will implement the LRPMP. The transfer of the Main St. Walkway Property to the City of Delano will occur only after the LRPMP is approved by the DOF and at no cost to the City.



**DELETE: - Property not Agency-owned**

**Site No. 2**  
**Austin St. Property**  
1021 Austin Street  
APN 037-371-26

**A. Permissible Use (HSC 34191.5(c)(2)):**

Site No. 2 is the Austin St. Property and is to be transferred to the City of Delano.

**B. Acquisition of Property (HSC 34191.5(c)(1)(A) and 34191.5(c)(1)(B)):**

In 2000, the Agency acquired two parcels at the southwest corner of W. 11<sup>th</sup> Street and Austin Street for \$40,000 for future housing needs. In 2008, the Agency sold these two parcels for \$82,000 to Self-Help Enterprises (an organization that assists low-income families in the San Joaquin Valley) and assisted in processing a parcel map to subdivide the two parcels into three parcels (Lots A, B, C). During the preparation of the parcel map, it was discovered that Lot D was encroaching upon the two lots to be subdivided. Rather than cause the owners, an elderly couple, to pay more than \$15,000 to remove the encroachment, the Agency decided to issue a Certificate of Conformance approving Lots A, B, and C with less than the required minimum lot size due to the encroachment and then deed the square footage of the encroachment to the owners of Lot D. Unfortunately this deed was not processed and the Agency inadvertently retained ownership of the Property.

On February 5, 2007, the Agency adopted Resolution No. 2007-2 authorizing the Agency to enter into a Disposition and Development Agreement with Self-Help Enterprises in order to initiate and complete the development process, which includes the mitigation of the encroachment by the Owner of Lot D.

**C. Site Information (HSC 34191.5(c)(1)(C)):**

The Austin Property consists of one 0.02-acre (871 sf) parcel (APN 031-371-26) located at 1021 Austin St. The Property is zoned Single Family Residential (R1) per the City's General Plan/Zoning Ordinance. The Property is a non-conforming uneconomic remnant for which the Successor Agency is legally obligated to transfer to the Owner of Lot D.

**D. Estimated Current Value (HSC 34191.5(c)(1)(D)):**

The ECV of the Austin St. Property is zero due to the requirement of the lot line adjustment to transfer the Property to the owner of Lot D as well as being a non-conforming lot size for any residential development.

**E. Site Revenues (HSC 34191.5(c)(1)(E)):**

There is no revenue generated from the Austin St. Property.

**F. History of Environmental Contamination ((HSC 34191.5(c)(1)(F)):**

There is no history of environmental contamination.

**G. Potential for Transit Oriented Development (TOD) and the Advancement of Planning Objectives of the Successor Agency (HSC 34191.5(c)(1)(G)):**

There is no potential for a TOD in conjunction with the Austin St. Property.

The transfer of the Austin St. Property to the Owner of Lot D advances the planning objectives of the City and the Successor Agency by completing the process of an affordable low-income housing project that was completed in 2008/2009.

**H. History of Previous Development Proposals and Activity (HSC 34191.5(c)(1)(H)):**

In 2008 the Agency sold two parcels it owned at below-market rate to Self-Help Enterprises and assisted in processing a parcel map to subdivide the two parcels into three parcels (Lots A, B, C). The parcel map process necessitated a lot line adjustment for the parcel adjacent to the south (Lot D). In processing the lot line adjustment, the Austin St. Property (the southerly 871 sf of Lots A,



B, and C) was to be deeded to the Owner of Lot D. The Property's title inadvertently remained with the Agency.

Self-Help Enterprises kept two of the parcels and sold the third to Habitat for Humanity. A single-family home was built on each of the parcels and sold to a family whose income was less than 80 percent of Kern County median income.

***I. Sale of Property:***

The Austin St. Property is to be transferred to the City of Delano for transfer to the Owner to Lot D, without cost for the reasons stated above.



## IV. Property to be Retained for Future Development

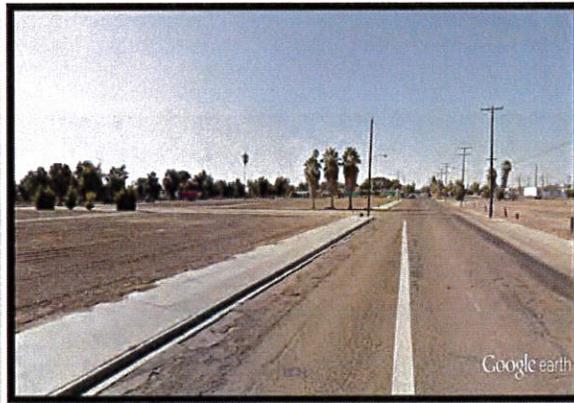
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**Site No. 3**  
**Block "H" Development**  
*See Property Detail Table for APN specific addresses*

*Glenwood St., Fremont St., and 11<sup>th</sup> Av.*  
*APNs: 038-130-01;*  
*035-050-01 to 16, 18, 19, 21, and 22;*  
*038-060-01 to 08, 10, 11, 14, 15, 17 to 19, and 21;*  
*038-070-01, 03, 05 to 07, and 10 to 15*



**A. Permissible Use (HSC 34191.5(c)(2)):**

Site No. 3 is the Block "H" Development and is proposed to be retained by the City of Delano for future development pursuant to HSC 34191.5(c)(2).

**B. Acquisition of Property (HSC 34191.5(c)(1)(A) and 34191.5(c)(1)(B)):**

The Block "H" Development property was acquired between July 1998 and February 2010 for a total of \$3,580,638 to alleviate blight in an area dominated by high crime rates due to a plethora of bars that encouraged and supported harmful evening activities, along with structurally unsound buildings dating back to historically old settlements. The land acquired by the Agency was assembled for development purposes in conformance with the implementation of the Redevelopment Plan.

The property's current estimated value (the "ECV") is approximately \$1,260,000.

**C. Site Information (HSC 34191.5(c)(1)(C)):**

The Block "H" Development consists of 49 parcels totaling 8.03 acres (APNs: 038-130-01; 035-050-01 to 16, 18, 19, 21, 22; 038-060-01 to 08, 10, 11, 14, 15, 17 to 19, 21; 038-070-01, 03, 05 to 07, 10 - 15) located east of SR 99, west of the BNSF Railway, between 8<sup>th</sup> Avenue and 11<sup>th</sup> Avenue. The Block "H" Development property is zone General Commercial (GC) per the City's General Plan/Zoning Ordinance. The primary purpose of the GC zone is to provide for commercial uses that will serve a large segment of the population with a wide variety of retail, wholesale, service, and office uses which include uses such as: medical, the arts, financial services, home furnishing shops, auto services and retail, food services, hotels, and entertainment and recreational venues, and other personal services. Block "H" is also the gateway to Downtown Delano.



**ADD:**

Refer to Exhibit "I" – Block H Development for: (i) a copy of the Block "H" Asset List; (ii) a copy of the December 4, 2007, Grant Deed conveying APN 038-070-15 to the Agency; and (iii) a copy of the August 9, 2002 Grant Deed conveying APN 038-070-12, -13 to the Agency.

**D. Estimated Current Value (HSC 34191.5(c)(1)(D)):**

On June 1, 2010, an appraisal was conducted by MB Appraisals for the Block "H" Development. The value was determined to be \$3,068,000 with the caveat that the property was environmentally clean. In July 2013, a sales comparable analysis was conducted for the Block "H" Development through the use of the National Data Collective service and the ECV was estimated to be approximately \$2,510,000; again with the caveat that the property was environmentally clean.

However, the property is *not* environmentally clean and the environmental issues will have a significant effect on the ECV. One site within the Block "H" Development has impacted the City's drinking water aquifer (the "Yonaki Site") and one site just outside the Block "H" Development (the "Delano PCE Plume") may have impacts to a portion of the Block "H" Development.<sup>2</sup> In addition, past contamination issues from other parcels within and outside of the Block "H" Development have left the property riddled with vadose zone and groundwater monitoring wells.

Given the environmental impacts from the Yonaki Site on the City's drinking water supply and the potential cost of remediation (based on remediation costs of other contaminated sites in the surrounding area), the ECV of the Block "H" Development has been reduced for planning purposes by \$1,250,000 (an average of existing mitigation costs in the area for similar contamination issues) to \$1,260,041.

Local factors that may affect land value were not taken into consideration. Therefore, the actual value of the property may vary significantly from the ECV. The ECV is only a planning number and should not be relied upon as a basis for actual value.

**ADD:**

The ECV is only a rough estimate that was obtained from an on-line source where only comparable sales data are available. It is not possible to include environmental issues or any other special or unique factors into simple ECV calculations, as such data are not available from the source. As noted in the LRPMP, the real value of the property cannot be determined without an appraisal.

**E. Site Revenues (HSC 34191.5(c)(1)(E)):**

No revenue is generated from the vacant Block "H" Development properties.

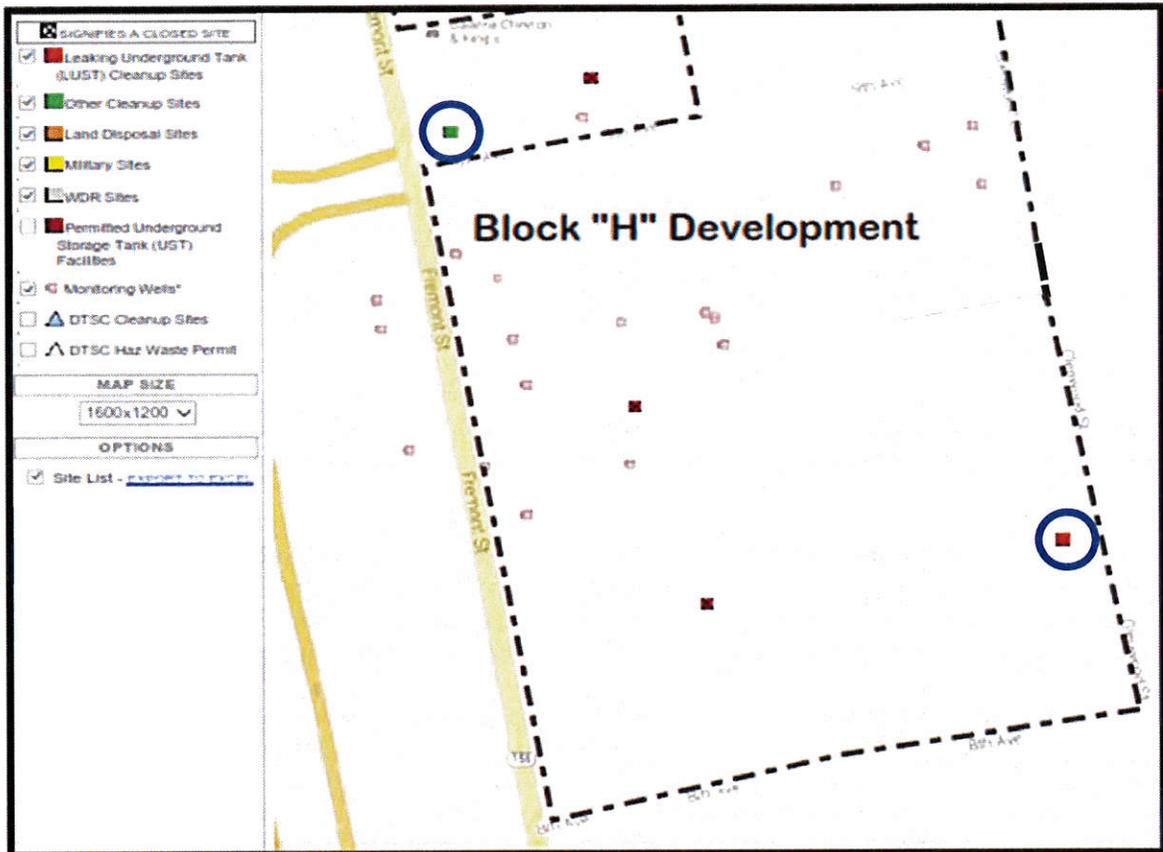
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<sup>2</sup> <http://geotracker.waterboards.ca.gov/map/?CMD=runreport&myaddress=delano%2C+ca>



**F. History of Environmental Contamination ((HSC 34191.5(c)(1)(F)):**

The Block “H” Development property has a dated history of environmental contamination stemming from releases of hydrocarbons (gasoline, diesel) and tetrachloroethylene (PCE, which is a chemical found in dry cleaning fluids) that have impacted the soil, drinking water aquifer, and other water supplies.



The map above shows the southerly portion of the Block “H” Development with the current two most significant environmentally impacted sites circled in blue. The most northerly site is the Delano tetrachloroethylene (PCE) Plume. The Delano PCE Plume was discovered in December 2009 from review of groundwater monitoring results submitted on behalf of Bill Locke’s Chevron, a former leaking underground storage tank site. The Delano PCE Plume is currently under investigation by the State Department of Toxic Substance Control. The results of the investigation should identify the source of the PCE contamination as well as the extent of the plume. It is not known at this time if the Delano PCE Plume has impacted the Block “H” Development.

The second site of concern is responsible for a petroleum hydrocarbon plume generated in February 2000 from a leaking underground storage tank from the former Yonaki Brothers Service Station located at 831 Glenwood Street within the Block “H” Development. Since 2000, the Yonaki Site has been investigated, assessed, and monitored.



In July 2012, as part of the Yonaki Site monitoring program, Stephen G. Muir, Consulting Geologist & Geophysicist submitted two reports dated June 30, 2012 [the 2<sup>nd</sup> Quarterly Monitoring Report 2012 (the "2Q2012 MR") and the *Combined Report of Soil Vapor Extraction Pilot Test, Remediation Feasibility Study and Corrective Action Plan* (the "2012 SVE Pilot Test")] to the California Regional Water Quality Control Board – Central Valley Region (the "RWQCB"). While the 2Q2012 MR is just a monitoring report, it did conclude that the groundwater petroleum hydrocarbon plume was estimated to be at least 2,500 sf in areal extent. The 2012 SVE Pilot Test's conclusions and recommendations are as follows:

#### **Conclusions:**

1. Concentrations of petroleum hydrocarbons were confirmed by soil samples collected and analyzed during the drilling and completion of the five replacement groundwater monitoring wells and one soil vapor extraction ("SVE") at the Yonaki Site. This will require active soil remediation. It is believed that approximately 30,000 pounds of volatile organic compounds ("VOCs") remain in the soil to a depth of 100 feet below ground surface.
2. The identified petroleum hydrocarbon contaminate soil mass is believed to be located vertically above the existing regional groundwater table by about 200 to 350 feet. Declining regional groundwater levels over the past 30 years (1982 to 2012) have increased this vertical separation between the base of petroleum hydrocarbon contaminated soil and underlying regional groundwater. If local groundwater elevations increase in the future a very substantial volume of groundwater could be significantly impacted by the remaining petroleum hydrocarbon contaminant mass over time.
3. High concentrations of VOCs in the Yonaki Site soil pose a significant threat to local groundwater supply.
4. The results of the 2012 SVE Pilot Test strongly suggest that soil vapor extraction is a viable remedial option for the Yonaki Site.
5. Concentrations of petroleum hydrocarbons in the soil gas samples from the three SVE zones remain significant. Very high concentrations will likely require thermal destruction by burner until concentrations abate sufficiently to allow thermal oxidation or granular activated charcoal canisters to be used for emissions control during SVE operation.

#### **Recommendations**

1. A Remediation Feasibility Study ("RFS") should be prepared and submitted to the RWQCB for review and approval. The RFS should include SVE and in-situ air sparging as joint methods to be used.
2. A Corrective Action Plan (the "CAP") should be prepared and submitted for RWQCB review and approval.
3. Both recommendations, the preparation of an RFS and a CAP were submitted to the RWQCB in conjunction with the submittal of the 2012 SVE Pilot Test and are currently under review.



The table below offers a brief overview of the history of recognized environmental concerns for Block “H” Development area:

<i>History of Recognized Environmental Concerns for the Block “H” Development Area</i>							
Site Within Block “H” Development	Date of Initial Occurrence	Site Name	Address	Cleanup Status	Media Impacted	CoC <sup>1</sup>	Investigation / Mitigation Costs to Date
No	Dec 2009	Delano PCE Plume	906 Fremont St	Open – Site Assessment	aquifer used for drinking water	PCE	\$89,000
No	Nov 1986	Bill Locke's Chevron	906 Fremont St	Completed - Case Closed	aquifer used for drinking water	Diesel, Gasoline	\$1,072,355
Yes	Mar 1990	Arco #0336	830 Fremont St	Completed - Case Closed	soil; other groundwater	Gasoline	\$1,210,357
Yes	Jan 1999	Kings Liquor	824 Fremont St	Completed - Case Closed	soil	Gasoline	\$459
Yes	Feb 2000	Yonaki Property	831 Glenwood St	Open - Site Assessment	aquifer used for drinking water	Gasoline	\$170,662

CoC – Contaminants of Concern

**G. Potential for Transit Oriented Development (TOD) and the Advancement of Planning Objectives of the Successor Agency (HSC 34191.5(c)(1)(G)):**

At this time, there is no potential for a TOD in conjunction with the Block “H” Development.

The retention of the Block “H” Development for future development advances the planning objectives of the City and the Successor Agency by completing the Block “H” Development as identified in the 5-Year Implementation Plan, page 22 (refer to Exhibit “J”), alleviating blight and environmental issues that are barriers to economic growth, attracting new and expanding existing business enterprises, creating employment opportunities, enhancing the City’s role as a regional commercial center, and encouraging the development of highway oriented commercial use and large-scale retail uses to serve Delano and surrounding areas.

In addition, the planning objectives would be met by facilitating a safe living environment by promoting infrastructure and public facility improvements including, but not limited to, streets, sewers, storm drains, parking facilities, utilities, and pedestrian walkways.

**H. History of Previous Development Proposals and Activity (HSC 34191.5(c)(1)(H)):**

Previously, the Block “H” included many bars, and unsafe structures necessitating the demolition of structures located on each parcel acquired by the Agency. The area also suffered from a high crime rate. The Agency had a developer sign an Exclusive Right to Negotiate, but let it expire. Currently, there are no active negotiations.

In the 5-Year Implementation Plan, the Block “H” Development is a mixed use development on approximately 9 acres located just east of Highway 99 between 9th and 11th Street.



**I. Sale of Property:**

The City proposes to issue an RFP in accordance with the Successor Agency's policies and procedures for property disposition located in Exhibit "A" for the sale and development of the Block "H" Development.

The ECV is approximately \$1,260,000.

The following process was used in determining the ECV of the Block "H" Development:

***Date of estimated current value*** – July 2013

***Value Basis*** – The ECV was determined by a comparable sales analysis using the National Data Collective subscription service. Due to the potential extensive environmental clean-up of the properties, the ECV was reduced by \$1,250,000 (an average of existing mitigation costs in the area for similar contamination issues) to approximately \$1,260,000.

Local factors that may affect land value were not taken into consideration. Therefore, the actual value of the property may vary significantly from the ECV. The ECV is only a planning number and should not be relied upon as a basis for actual value.

***Proposed sale date*** – TBD and subject to the Successor Agency's implementation of its policies and procedures for property disposition as shown in Exhibit "A."

***Proposed sale value*** – TBD and subject to a fair market appraisal conducted by a licensed appraiser. Any net proceeds of the sale would be used for enforceable obligations or distributed as property tax to the taxing entities.

**ADD:**

**J. Implementation of the Long-Range Property Management Plan:**

Following the approval of the LRPMP by the DOF, the Successor Agency will implement the LRPMP.

1. For properties to be retained for future development, implementation will include securing an HSC §34180(f)(1) compensation agreement (the "Compensation Agreement") with the affected taxing entities. The City will seek a Compensation Agreement with the affected taxing entities after the LRPMP is approved by DOF. Waiting until DOF's approval is received will ensure that the legal and staff time committed to preparing for and processing a Compensation Agreement is not wasted in the event that DOF decides not to approve the LRPMP. The City is concerned that it will not be fruitful to attempt to engage numerous taxing agencies in discussions about proceeds from the sale of properties when the timing of sale is not known and the price has not been determined. Further, this approach will also ensure that the affected taxing entities do not waste their legal and staff time reviewing a Compensation Agreement that would otherwise become mute in the event of a DOF denial. However, if DOF approves the LRPMP, then prior to the transfer of the property to the City, the City will prepare a Compensation Agreement and diligently seek the approval of the affected taxing entities. If the Compensation Agreement is approved, then the transfer of the property to the City will occur thereafter consistent with the provisions of the Compensation Agreement. If for any reason the Compensation Agreement is not approved by all affected taxing entities, then the

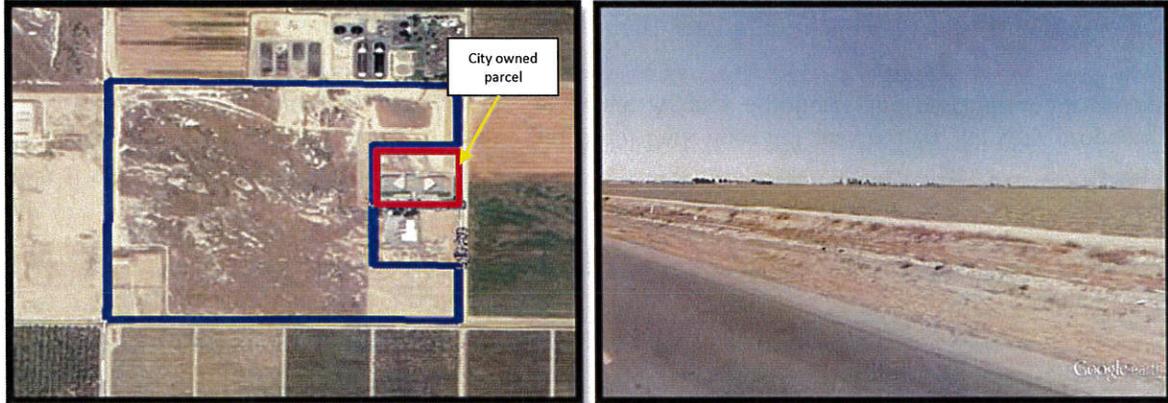


property will be sold, thus completely eliminating the need for a Compensation Agreement. Any proposed sale will be brought to the Oversight Board for review and approval after the pricing and timing of sale is known.

2. For properties to be sold, implementation will include distribution of any land sales proceeds for enforceable obligations and/or distributed as property tax to the taxing entities. Due to the vagaries associated with the sale of land, such as uncertainties concerning the timing of sale and the price that would be realized, it is not feasible to precisely state in the LRPMP how the funds will be used. In that regard, once an agreement is reached with respect to the purchase and sale of a property, the agreement will be presented to the Oversight Board for concurrence. The Oversight Board's approval will be evidenced by a resolution that will be submitted to DOF and, per the HSC, is subject to DOF's review. That resolution will include or refer to a staff report which describes with greater particularity, once more facts are known, how the proceeds of sale will be distributed. As noted in Section I – Introduction of the LRPMP, the LRPMP provides that proceeds of the sale may be used for enforceable obligations and/or distributed as property tax to the taxing entities through the County Auditor-Controller. The need to retain some or all of the proceeds of sale for enforceable obligations will depend on whether there is a short-fall in RPTTF in the ROPS cycle during which the escrow is anticipated to close. If a short-fall were to occur in the RPTTF at that time, then all or a portion of the sale proceeds should be used to fulfill an enforceable obligation with any remaining sale proceeds then distributed as property tax to the taxing entities through the County Auditor-Controller. If there is not a short-fall in RPTTF at the time of close of escrow, then land sale proceeds would be distributed as property tax to the taxing entities through the County Auditor-Controller in a manner described at the time of Oversight Board approval as to a particular property sale. Since it is impossible to foresee when and if a short-fall in the RPTTF may occur, or when the property will be sold, the use of the sale proceeds cannot be specifically determined at this time and, therefore, cannot be stated with greater particularity in the LRPMP. However, it is clear that at the time a sale takes place, the sale will be brought back to the Oversight Board and will be subject to review.



**Site No. 4**  
**Westside Industrial Park**  
2901 Garces Hwy.; W. Industry Way; Lytle Av.  
APNs: 520-120-12 to 19, and 22



**A. Permissible Use (HSC 34191.5(c)(2)):**

Site No. 4 is the Westside Industrial Park and is proposed to be retained by the City of Delano for future development pursuant to HSC 34191.5(c)(2).

**B. Acquisition of Property (HSC 34191.5(c)(1)(A) and 34191.5(c)(1)(B)):**

The Westside Industrial Park property was acquired on April 6, 1992 for \$1,000,000 for the primary purposes of alleviating blight and stimulating the City's economic base through the development of new public improvements and commercial and industrial projects.

The property's current estimated value (the "ECV") is approximately \$1,600,000.

**C. Site Information (HSC 34191.5(c)(1)(C)):**

The Westside Industrial Park consists of 9 parcels (APNs: 520-120-12 to 19, and 22) totaling 133.68 acres and one 8.81-acre City owned parcel that will be included in the ultimate disposition of the Westside Industrial Park properties.

The Westside Industrial Park is located at the northeast corner of Garces Highway and Lytle Avenue approximately 3 miles west of SR 99. The property is zoned Industrial (I) in the General Plan/Zoning Ordinance. The Industrial land use designation is intended for uses such as fabricating, assembly, research and development, electronics, warehousing, and other such similar industrial uses. Industrial park development is intended on larger parcels to create distinct districts of industrial, office, and support uses.

**D. Estimated Current Value (HSC 34191.5(c)(1)(D)):**

On May 12, 2005, an appraisal was conducted by Michael C. Burger, MAI for the Westside Industrial Park. At that time the value was determined to be \$1,774,920. In July 2013, a sales comparable analysis was conducted for the property through the use of the National Data Collective service and the ECV was estimated to be approximately \$1,600,000.



Local factors that may affect land value were not taken into consideration. Therefore, the actual value of the property may vary significantly from the ECV. The ECV is only a planning number and should not be relied upon as a basis for actual value.

**ADD:**

The ECV is only a rough estimate that was obtained from an on-line source where only comparable sales data are available. It is not possible to include environmental issues or any other special or unique factors into simple ECV calculations, as such data are not available from the source. As noted in the LRPMP, the real value of the property cannot be determined without an appraisal.

**E. Site Revenues (HSC 34191.5(c)(1)(E)):**

No revenue is generated from the Westside Industrial Park.

**F. History of Environmental Contamination ((HSC 34191.5(c)(1)(F)):**

There is no history of environmental contamination.

**G. Potential for Transit Oriented Development (TOD) and the Advancement of Planning Objectives of the Successor Agency (HSC 34191.5(c)(1)(G)):**

There is no potential for a TOD in conjunction with the Westside Industrial Park.

Retaining the Westside Industrial Property for future development advances the planning objectives of the City and Successor Agency by encouraging new economic growth in this specific area, promoting industries that can develop and provide employment for local residents, generate sales tax income directly and indirectly, and enhance the City's role as an industrial center for both northern Kern County and the southern Tulare County. In addition, the use of this property as an industrial site is encourage due to it having adequate public services, access to major streets and railroads, and a mix of industrial uses all of which will enhance the City with a sound, diverse industrial base consistent with the City's infrastructure constraints.

**H. History of Previous Development Proposals and Activity (HSC 34191.5(c)(1)(H)):**

As previously mention in Section C, the Westside Industrial Park consists of 9 Agency owned parcels and one City owned parcel for a total of 142.49 acres. There is no history of previous development for this property.

**I. Sale of Property:**

If the current interest in the Westside Industrial Park does not materialize, the City proposes to issue an RFP in accordance with the Successor Agency's policies and procedures for property disposition located in Exhibit "A."

The ECV is approximately \$1,600,000.

The following process was used in determining the ECV of the Block "H" Development:

*Date of estimated current value – July 2013*



**Value Basis** – The ECV was determined by a comparable sales analysis using the National Data Collective subscription service. The ECV for the Westside Industrial Park was determined to be approximately \$1,600,000.

Local factors that may affect land value were not taken into consideration. Therefore, the actual value of the property may vary significantly from the ECV. The ECV is only a planning number and should not be relied upon as a basis for actual value.

**Proposed sale date** – TBD and subject to the Successor Agency’s implementation of its policies and procedures for property disposition as shown in Exhibit “A.”

**Proposed sale value** – TBD and subject to a fair market appraisal conducted by a licensed appraiser. Any ~~net~~ proceeds of the sale would be used for enforceable obligations or distributed as property tax to the taxing entities.

**ADD:**

**J. Implementation of the Long-Range Property Management Plan:**

Following the approval of the LRPMP by the DOF, the Successor Agency will implement the LRPMP.

1. For properties to be retained for future development, implementation will include securing an HSC §34180(f)(1) compensation agreement (the “Compensation Agreement”) with the affected taxing entities. The City will seek a Compensation Agreement with the affected taxing entities after the LRPMP is approved by DOF. Waiting until DOF’s approval is received will ensure that the legal and staff time committed to preparing for and processing a Compensation Agreement is not wasted in the event that DOF decides not to approve the LRPMP. The City is concerned that it will not be fruitful to attempt to engage numerous taxing agencies in discussions about proceeds from the sale of properties when the timing of sale is not known and the price has not been determined. Further, this approach will also ensure that the affected taxing entities do not waste their legal and staff time reviewing a Compensation Agreement that would otherwise become mute in the event of a DOF denial. However, if DOF approves the LRPMP, then prior to the transfer of the property to the City, the City will prepare a Compensation Agreement and diligently seek the approval of the affected taxing entities. If the Compensation Agreement is approved, then the transfer of the property to the City will occur thereafter consistent with the provisions of the Compensation Agreement. If for any reason the Compensation Agreement is not approved by all affected taxing entities, then the property will be sold, thus completely eliminating the need for a Compensation Agreement. Any proposed sale will be brought to the Oversight Board for review and approval after the pricing and timing of sale is known.
2. For properties to be sold, implementation will include distribution of any land sales proceeds for enforceable obligations and/or distributed as property tax to the taxing entities. Due to the vagaries associated with the sale of land, such as uncertainties concerning the timing of sale and the price that would be realized, it is not feasible to precisely state in the LRPMP how the funds will be used. In that regard, once an agreement is reached with respect to the purchase and sale of a property, the agreement will be presented to the Oversight Board for concurrence. The Oversight Board’s approval will be evidenced by a resolution that will be submitted to DOF and, per the HSC, is subject to DOF’s review. That resolution will include or refer to a



staff report which describes with greater particularity, once more facts are known, how the proceeds of sale will be distributed. As noted in Section I – Introduction of the LRPMP, the LRPMP provides that proceeds of the sale may be used for enforceable obligations and/or distributed as property tax to the taxing entities through the County Auditor-Controller. The need to retain some or all of the proceeds of sale for enforceable obligations will depend on whether there is a short-fall in RPTTF in the ROPS cycle during which the escrow is anticipated to close. If a short-fall were to occur in the RPTTF at that time, then all or a portion of the sale proceeds should be used to fulfill an enforceable obligation with any remaining sale proceeds then distributed as property tax to the taxing entities through the County Auditor-Controller. If there is not a short-fall in RPTTF at the time of close of escrow, then land sale proceeds would be distributed as property tax to the taxing entities through the County Auditor-Controller in a manner described at the time of Oversight Board approval as to a particular property sale. Since it is impossible to foresee when and if a short-fall in the RPTTF may occur, or when the property will be sold, the use of the sale proceeds cannot be specifically determined at this time and, therefore, cannot be stated with greater particularity in the LRPMP. However, it is clear that at the time a sale takes place, the sale will be brought back to the Oversight Board and will be subject to review.



## V. Property to Be Sold

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**Site No. 5**  
**Fremont St. Properties**  
Fremont St.  
APN 038-020-12 and 13



**A. Permissible Use (HSC 34191.5(c)(2)):**

Site No. 5 is the Fremont St. Properties. These vacant parcels are proposed to be sold.

**B. Acquisition of Property (HSC 34191.5(c)(1)(A) and 34191.5(c)(1)(B)):**

The Fremont Properties were acquired by the Agency on October 15, 1999, for \$27,000 in an effort to alleviate blight and revitalize the downtown.

**DELETE:**

The Properties' estimated current value ("ECV") is unknown.

**ADD:**

The estimated current value (the "ECV") is approximately \$21,000.

**C. Site Information (HSC 34191.5(c)(1)(C)):**

The Fremont Properties consist of two (2) parcels (APNs 038-020-12 and 13) totaling 0.18 acres. These parcels are located on Fremont Street south of 14<sup>th</sup> Avenue, north of 13<sup>th</sup> Avenue and west of Glenwood Street. The Properties are zone General Commercial (GC) per the City's General Plan/Zoning Ordinance. The primary purpose of the GC zone is to allow for commercial uses that include a wide variety of retail, wholesale, service, and office uses which include uses such as: medical, the arts, financial services, home furnishing shops, auto services and retail, food services, hotels, and entertainment and recreational venues, and other personal services.



**D. Estimated Current Value (HSC 34191.5(c)(1)(D)):**

**DELETE:**

To determine an ECV for the Fremont Properties, in August 2013 a sales comparable analysis was conducted through the National Data Collective. No sales comparables were found for the past 48 months within a 15 mile radius of the properties. Therefore, and ECV could not be determined.

The ECV of the Fremont Properties is unknown and therefore an appraisal will be obtained.

**ADD:**

Consistence with the above, and in recognition with DOF's insistence, as expressed in an email from Veronica Green, a staff member of the DOF, that the LRPMP will be denied as required by HSC Section 34191.5(c)(1)(A)(a) unless all properties listed within the LRPMP have an ECV greater than zero, (without regard to the actual value of such properties).

Notwithstanding the above, the LRPMP addressed HSC Section 34191.5(c)(1)(A)(a) by stating that:

"To determine an ECV for the Fremont Properties, in August 2013 a comparable sales analysis was conducted through the National Data Collective. No sales comparables were found for the past 48 months within a 15 mile radius of the properties. Therefore, and ECV could not be determined.

The ECV of the Fremont Properties is unknown and therefore an appraisal will be obtained."

In complying with the DOF's request to include an ECV, on March 1, 2014, the National Data Collective subscription service was used to search for comparable sales data within a geographical radius of 100 miles of Fremont Properties, over a time frame of 4 years. This search resulted in an ECV of approximately \$21,000.

It is not possible to determine the local factors that will affect land values obtained from the National Data Collective. Additionally, local factors that will affect land values for the City of Delano will differ from those factors that will affect the land values for the properties that were used to determine the ECV, (which properties are located approximately 40 to 100 miles from the City of Delano). Therefore, an actual estimated value of the Fremont Properties can only be determined through an appraisal. The ECV is only a planning number and should not be relied upon as a basis for actual value.

The ECV is only a rough estimate that was obtained from an on-line source where only comparable sales data are available. It is not possible to include environmental issues or any other special or unique factors into simple ECV calculations, as such data are not available from the source. As noted in the LRPMP, the real value of the property cannot be determined without an appraisal.

Once the LRPMP is approved, and as part of its implementation, an appraisal of the Fremont Properties will then be obtained.



**E. Site Revenues (HSC 34191.5(c)(1)(E)):**

No revenue is generated from the Fremont St. Properties.

**F. History of Environmental Contamination ((HSC 34191.5(c)(1)(F)):**

There is no history of environmental contamination.

**G. Potential for Transit Oriented Development (TOD) and the Advancement of Planning Objectives of the Successor Agency (HSC 34191.5(c)(1)(G)):**

There is no potential for a TOD in conjunction with the Fremont St. Properties.

The sale of the Fremont St. Properties advances the planning objectives of the City and Successor Agency by having these properties developed and thereby revitalizing the area through job creation, development of underutilized property, a perceivable reduction in blight through new construction, and increasing the City's commercial base.

In addition, the sale of these two properties would result in a conforming lot size, whereas if they were sold separately, they each would be non-conforming (Code of Ordinance, Title 20 – Zoning, Chapter 20.5 – Commercial Districts, 20.5.40 - Commercial site development standards) and generate a blighted condition.

Minimum GC site development standards as compared to Site No. 5 are as follows:

<b>General Commercial Site Development Standards</b>		
<b>Requirement</b>	<b>GC</b>	<b>Fremont St. Properties (2)<sup>1</sup></b>
Minimum site area (square feet)	6,500	7,840
Minimum site width (feet)	50	50
Minimum site depth (feet)	100	150

<sup>1</sup> Number of parcels

**H. History of Previous Development Proposals and Activity (HSC 34191.5(c)(1)(H)):**

The Fremont St. Properties previously contained two single family residences. When the Agency acquired the Properties, those house were demolished. The Properties have stood vacant since 1999. There are currently two interested buyers for the Properties.

**I. Sale of Property:**

**DELETE:**

The Successor Agency proposes to sell the Fremont St. Properties in accordance with the Successor Agency's policies and procedures for property disposition located in Exhibit "A."

The ECV is unknown without an appraisal.

The following process was used in determining the ECV of the Fremont St. Properties:

*Date of estimated current value – August 2013*



**Value Basis** – The ECV was determined by a comparable sales analysis using the National Data Collective subscription service. No sales comparables were found for the past 48 months within a 15 mile radius for the Properties.

The ECV of the Fremont Properties is unknown without an appraisal.

**Proposed sale date** – TBD and subject to the Successor Agency’s implementation of its policies and procedures for property disposition as shown in Exhibit “A.”

**Proposed sale value** – TBD and subject to a fair market appraisal conducted by a licensed appraiser. Any net proceeds of the sale would be used for enforceable obligations or distributed as property tax to the taxing entities.

**ADD:**

The Successor Agency proposes to sell the Fremont St. Properties in accordance with the Successor Agency’s policies and procedures for property disposition located in Exhibit “A.”

The ECV is approximately \$21,000.

The following process was used in determining the ECV of the Fremont St. Properties:

**Date of estimated current value** – March 2014

**Value Basis** – The ECV was determined by a comparable sales analysis using the National Data Collective subscription service.

The ECV of the Fremont Properties is approximately \$21,000.

**Proposed sale date** – TBD and subject to the Successor Agency’s implementation of its policies and procedures for property disposition as shown in Exhibit “A.”

**Proposed sale value** – TBD and subject to a fair market appraisal conducted by a licensed appraiser. Any proceeds of the sale would be used for enforceable obligations or distributed as property tax to the taxing entities.

**ADD:**

**J. Implementation of the Long-Range Property Management Plan:**

Following the approval of the LRPMP by the DOF, the Successor Agency will implement the LRPMP.

For properties to be sold, implementation will include distribution of any land sales proceeds for enforceable obligations and/or distributed as property tax to the taxing entities. Due to the vagaries associated with the sale of land, such as uncertainties concerning the timing of sale and the price that would be realized, it is not feasible to precisely state in the LRPMP how the funds will be used. In that regard, once an agreement is reached with respect to the purchase and sale of a property, the agreement will be presented to the Oversight Board for concurrence. The Oversight Board’s approval will be evidenced by a resolution that will be submitted to DOF and, per the HSC, is subject to DOF’s review. That resolution will include or refer to a staff report which describes with



greater particularity, once more facts are known, how the proceeds of sale will be distributed. As noted in Section I – Introduction of the LRPMP, the LRPMP provides that proceeds of the sale may be used for enforceable obligations and/or distributed as property tax to the taxing entities through the County Auditor-Controller. The need to retain some or all of the proceeds of sale for enforceable obligations will depend on whether there is a short-fall in RPTTF in the ROPS cycle during which the escrow is anticipated to close. If a short-fall were to occur in the RPTTF at that time, then all or a portion of the sale proceeds should be used to fulfill an enforceable obligation with any remaining sale proceeds then distributed as property tax to the taxing entities through the County Auditor-Controller. If there is not a short-fall in RPTTF at the time of close of escrow, then land sale proceeds would be distributed as property tax to the taxing entities through the County Auditor-Controller in a manner described at the time of Oversight Board approval as to a particular property sale. Since it is impossible to foresee when and if a short-fall in the RPTTF may occur, or when the property will be sold, the use of the sale proceeds cannot be specifically determined at this time and, therefore, cannot be stated with greater particularity in the LRPMP. However, it is clear that at the time a sale takes place, the sale will be brought back to the Oversight Board and will be subject to review.



# Exhibit A – Successor Agency/City Property Disposition Procedures

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*The following is only a general outline for the Purchase & Sale and Request for Proposals procedures of the Successor Agency for the disposition of real property. Property to be sold will be in accordance with Successor Agency Policies and Procedures and property to be retained for future development will be developed in accordance with City Policies and Procedures. It is anticipated that the Successor Agency will adopt policies and procedures that are more specific during the implementation phase of the LRPMP.*

## I. PURCHASE AND SALE PROCEDURES

These procedures apply only to those properties for which the Successor Agency will sell. These procedures do not apply to those properties that will be retained for future development or to fulfill an enforceable obligation.

1. Post notice on Successor Agency website:  
“All persons interested in receiving solicitations for the disposition of Successor Agency property please email “[xyz@cityofthefuture.org](mailto:xyz@cityofthefuture.org)” (a newly established email for the disposition of property) with your contact information and **“Purchase and Sale of Successor Agency Property”** in the Subject line.”
2. Successor Agency will provide written solicitations for the sale of its real estate assets, which may be a single parcel or a grouping of parcels (the “Property”). Such formal solicitations will include, but not be limited to:
  - a. APN(s)
  - b. Property location
  - c. Zoning
  - d. Acreage
  - e. Listing Price (The listing price shall either be (i) not less than fair market value under an appraisal procured by the Successor agency or (ii) another amount approved for such purpose by the Oversight Board)
  - f. Purchase Price shall be all cash at close of escrow, no seller financing.
  - g. Deadline to receive offers (prior to selection, offers are confidential)
  - h. Offer submittal guidelines:
    - i. All offers must be in writing (California Association of Realtor forms are acceptable);
    - ii. Successor Agency will provide courtesy to brokers equal to one-half of the customary commission if the ultimate buyer is represented by said real estate broker as buyer’s broker at the time the original offer is submitted.
    - iii. **Provided that allowance of brokerage commissions will be subject to Oversight Board approval in each case;**
    - iv. Approval of each sale may be subject to DOF approval;
    - v. Type of financing identified (i.e., buyer’s cash, buyer’s loan proceeds, etc.);
    - vi. All buyers are to be listed – no silent partners; and
    - vii. Offers will be reviewed for conflict of interest between offeror and Successor Agency/City officials, staff and consultants.
  - i. Some properties for sale consist of multiple parcels. Only offers that include all parcels identified by Successor Agency on a particular site may be accepted, i.e., no less than whole purchases.
3. Method of Solicitations:
  - a. Property posting



- b. Successor Agency website posting
  - c. Local real estate brokers
  - d. All persons requesting solicitations
  - e. Workshops and/or e-mail notifications
4. All property sales are in an "AS IS, WHERE IS" condition.
  5. The Successor Agency will be reimbursed from the sale proceeds of the property for any costs related to the appraisal, escrow and title fees (cost of CLTA policy only), and any other costs associated with the sale.
  6. An offer may be rejected if it does not meet the Successor Agency's price threshold. Acceptance of a purchase and sale offer is subject to approval of the Successor Agency's Board of Directors.

## II. REQUEST FOR PROPOSAL PROCEDURES

Costs incurred by the Successor Agency and/or the City in the implementation of these Disposition Procedures shall be treated as an Enforceable Obligation for purposes of the Recognized Obligation Payments Schedule ("ROPS") of the Successor Agency to be recovered from land sales proceeds. The City shall provide the Successor Agency an estimate of such costs at such times and in a form sufficient for the Successor Agency to include such costs on one or more ROPS, as appropriate. Included in such costs are: staff time in the performance of such duties; costs and fees of consultants, attorneys, appraisers, title insurers and escrow; costs and fees in connection with the disposition of property(ies), such as unpaid and outstanding tax liens or judgments and other costs incurred in order to deliver merchantable title. Where possible, the Successor Agency is to recover costs at the time of close of escrow.

### A) INTENT AND PURPOSE

A Request for Proposals ("RFP") will be prepared by the Successor Agency and posted to the City's website, and/or sent to developers or parties that have requested such RFPs, and other developers or parties at the Successor Agency's discretion. The number of properties as to which an RFP is requested is subject to the discretion of the Successor Agency.

### B) PROPOSAL SUBMITTAL

1. Interested parties may submit a development proposal by the deadline specified in the RFP or other announcement.
2. Proposal requirements may include, but not be limited to, the following:
  - a. The proposed total consideration for the property(ies) and information supporting the offer price;
  - b. Any proposed alterations to the terms and conditions of sale;
  - c. Construction and development pro forma, a detailed site plan, a business/operating plan, developer qualifications, experience and references, a narrative description of the market support for the proposed project, an operating pro forma, as applicable, and an explanation of the economic benefits of the proposed project to the City, other affected taxing agencies and the community;
  - d. The proposed uses are to conform to the requirements, intent, goals, and objectives of the City General Plan/Zoning Ordinance, other applicable development standards, and other applicable federal, state and local laws, codes and regulations.
  - e. A statement that no financial assistance is being requested from any governmental agency in connection with the proposal, or a statement that financial assistance is being requested from a governmental agency in connection with the proposal, indicating the amount that will be requested, the anticipated timing for consideration of such request, and a description of any discretionary process required by the governmental agency from which assistance will be



requested, together with an acknowledgment that conditioning a proposal upon receipt of assistance from a governmental agency may result in the rejection of such proposal;

3. Interested parties to provide such additional information as may be reasonably requested by Successor Agency.
4. Subsequent to review, applicants will be advised regarding the development proposals submitted complying with the requirements of the RFP or whether additional information is required.

**C) PROPOSAL REVIEW**

1. The Successor Agency will review all proposals received and determined by Successor Agency staff to be complete.
2. Among other things, **the Successor Agency's review will consider the value of the asset in question being maximized** as well as the proposal furthering the objectives of the Successor Agency's General Plan. 5/2 2/14/13
3. Nothing in these Procedures prohibits the Successor Agency or the City from requiring information that is in addition to the foregoing or obligate the Successor Agency in selecting any proposal. Neither the City nor the Successor Agency will bear any responsibility for the costs associated with preparing and submitting a proposal.

**D) NEGOTIATING AGREEMENTS**

The Successor Agency may enter into an Exclusive Right to Negotiate Agreement ("ERNA") with a selected project proponent. The purpose of the ERNA is to establish a time period during which the chosen applicant shall have the right to negotiate with the Successor Agency the terms and conditions of a sales and development contract. Therefore, **a Disposition and Development Agreement may follow the ERNA if applicable.**



## Exhibit B – Health & Safety Code

### HSC § 34191.1, reads as follows:

The provisions of this chapter shall apply to a City upon that agency's receipt of a finding of completion by the Department of Finance pursuant to Section 34179.7.

### HSC § 34191.3, reads as follows:

Notwithstanding Section 34191.1, the requirements specified in subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be suspended, except as those provisions apply to the transfers for governmental use, until the Department of Finance has approved a long-range property management plan pursuant to subdivision (b) of Section 34191.5, at which point the plan shall govern, and supersede all other provisions relating to, the disposition and use of the real property assets of the former redevelopment agency. If the department has not approved a plan by January 1, 2015, subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be operative with respect to that City.

### HSC § 34191.4, reads as follows:

The following provisions shall apply to any City that has been issued a finding of completion by the Department of Finance:

- (a) All real property and interests in real property identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5 shall be transferred to the Community Redevelopment Property Trust Fund of the City upon approval by the Department of Finance of the long-range property management plan submitted by the City pursuant to subdivision (b) of Section 34191.7 unless that property is subject to the requirements of any existing enforceable obligation.
- (b) (1) Notwithstanding subdivision (d) of Section 34171, upon application by the City and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created by the redevelopment agency shall be deemed to be enforceable obligations provided that the

oversight board makes a finding that the loan was for legitimate redevelopment purposes.

(2) If the oversight board finds that the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund. The annual loan repayments provided for in the recognized obligations payment schedules shall be subject to all of the following limitations:

(A) Loan repayments shall not be made prior to the 2013-14 fiscal year. Beginning in the 2013-14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this subdivision and paragraph (7) of subdivision (e) of Section 34176 combined shall be equal to one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2012-13 base year. Loan or deferral repayments made pursuant to this subdivision shall be second in priority to amounts to be repaid pursuant to paragraph (7) of subdivision (e) of Section 34176.

(B) Repayments received by the city, county or city and county that formed the redevelopment agency shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Fund of the former redevelopment agency for purposes of the Supplemental Educational Revenue Augmentation Fund and shall be distributed to the Low and Moderate Income Housing Asset Fund established by subdivision (d) of Section 34176.



(C) Twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund, after all outstanding loans from the Low and Moderate Income Housing Fund for purposes of the Supplemental Educational Revenue Augmentation Fund have been paid.

(c) (1) Bond proceeds derived from bonds issued on or before December 31, 2010, shall be used for the purposes for which the bonds were sold.

(2) (A) Notwithstanding Section 34177.3 or any other conflicting provision of law, bond proceeds in excess of the amounts needed to satisfy approved enforceable obligations shall thereafter be expended in a manner consistent with the original bond covenants. Enforceable obligations may be satisfied by the creation of reserves for projects that are the subject of the enforceable obligation and that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects. An expenditure made pursuant to this paragraph shall constitute the creation of excess bond proceeds obligations to be paid from the excess proceeds. Excess bond proceeds obligations shall be listed separately on the Recognized Obligation Payment Schedule submitted by the City.

(B) If remaining bond proceeds cannot be spent in a manner consistent with the bond covenants pursuant to subparagraph (A), the proceeds shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation

**HSC §34191.5, reads as follows:**

(a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the City, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The City shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment

agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the City of the finding of completion.

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

(B) The purpose for which the property was acquired.

(C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

(D) An estimate of the current value of the parcel including, if available, any appraisal information.

(E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

(F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

(G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the City.

(H) A brief history of previous development proposals and activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the



retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

(A) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(B) If the plan directs the liquidation of the property or the use of revenues generated

from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a City, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

**Note: HSC § 34191.2 does not exist and therefore is not included above.**